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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

Alto Products, Corp.,	:		
	:		
Applicant,	:		
	:		
v.	:	Opposition No.	91/159,885
	:	App. Serial No.	76/493,797
Schlage Lock Company,	:		
	:		
Opposer.	:		
	:		
	:		

**APPLICANT'S MOTION TO COMPEL DISCOVERY
AND APPLICANT'S MOTION FOR SUMMARY JUDGMENT
OR, IN THE ALTERNATIVE, MOTION TO STAY PROCEEDING**

Applicant, Alto Products, Corp., (1) submits this Motion to Compel Discovery and this Motion for Summary Judgment and respectfully requests that the Discovery Motion and the Summary Judgment Motion be granted or, (2) Applicant submits this Motion to Compel Discovery and Motion for Summary Judgment and respectfully requests that the Discovery Motion be granted and the present opposition be stayed pending the outcome of a litigation between D.C. Comics and Opposer, in which, the Kryptonite mark is at issue.



06-06-2005

U.S. Patent & TMO/TM Mail Rcpt Dt. #64

BACKGROUND

Applicant is the owner of Application Serial No. 76/493,797 for the mark KRYPTONITE. (See Exhibit A). Applicant filed the application on February 24, 2003. (Exhibit A). The application is for the use of the Kryptonite mark with respect to automotive parts namely anti-friction materials used on clutch plates sold through

wholesalers to automotive professionals for their use in automotive repair, where the mark is not seen by the ultimate consumer. (Exhibit A). Applicant first used the mark in commerce on September 1, 2001. (Exhibit A).

Opposer¹ has multiple registrations for Kryptonite mark -- Registration Nos. 1,002,571, 1,253,568, 1,352,416, 2,244,791, 2,269,238, and 2,350,478. (Exhibit B). In order to receive these registrations, Opposer entered into an agreement with D.C. Comics regarding the Kryptonite mark in 1983. (Exhibit C). The agreement delineated the areas in which Opposer was allowed to use the mark. (Exhibit C). These areas included, and are limited to, (1) security devices and accessories therefore, without limitation, such as mechanical and electronic locking means and accessories therefore, and (2) accessories primarily for two wheeled vehicles such as handle bar grips. (Exhibit C).

Over the years, Kryptonite has tried to register marks that fall outside the agreement. That is why in July of 2000, D.C. Comics instituted a suit against Opposer (*DC Comics V. Kryptonite Corp.*, No. 00 CV 5562RO) alleging, inter alia, that Opposer overstepped the boundaries of the 1983 agreement. Opposer filed counterclaims in that litigation.

On September 20, 2004, the Southern District of New York issued an opinion and order for summary judgment motions filed by both parties in the above litigation. (See, Exhibit D, *DC Comics v. Kryptonite Corp.*, 336 F. Supp 2d. 324, 332, (S.D.N.Y., 2004)). The court ruled that DC Comics owns a valid trademark in Kryptonite. (Kryptonite is an element associated with Superman entertainment products.) *DC Comics v. Kryptonite Corp.*, 336 F. Supp 2d. 324, 332, (S.D.N.Y., 2004). The court, also, dismissed Opposer's

¹ Opposer was formerly known as Kryptonite Corporation. It was acquired by Ingersoll-Rand Company and then merged into its subsidiary, Schlage Lock Company, and its Kryptonite division does business as Kryptonite.

counterclaim to obtain rescission of the 1983 agreement. *DC Comics v. Kryptonite Corp.*, 336 F. Supp 2d. 324, 333, (S.D.N.Y., 2004).

But sometime before this opinion and order -- March 15, 2004, to be exact -- Opposer filed the present opposition against Applicant. (Exhibit E, Opposer's Complaint). In its complaint, Opposer alleges that Applicant's mark is confusing similar to that of Opposer. (Exhibit E). Opposer claims that the use of the mark by Applicant will, inter alia, cause confusion as to the source of the goods and will dilute Opposer's mark. (Exhibit E).

Applicant believes Opposer does not have the right to oppose Applicant's application because both D.C. Comics and Opposer have co-existing Kryptonite registrations. These co-existing registrations foreclose Opposer from asserting confusion and dilution in a market that neither Opposer nor DC Comics sells products or intends to sell products. Moreover, D. C. Comics is the senior user of the mark and Opposer only uses the Kryptonite mark with D. C. Comics' permission. Therefore, as to any areas of use outside of the areas permitted by the agreement between D. C. Comics and Opposer, those areas are either owned by D.C. Comics or can be legally owned by a user of a mark that does not cause confusion as to the source of the goods.

ARGUMENT

I. Applicant's Motion for Summary Judgment

A. The Standard for Summary Judgment

A party is entitled to summary judgment when there is no genuine issue of material fact to be tried and that the moving party is entitled to a judgment on a matter of law. Fed. R. Civ. P., Rule 56(c).

B. The 1983 Agreement

The 1983 is a valid agreement "freely bargained for" by DC Comics and Opposer. *DC Comics v. Kryptonite Corp.*, 336 F. Supp 2d. 324, 333, (S.D.N.Y., 2004). In it, Opposer registrations were restricted to: (1) security devices and accessories therefore, without limitation, such as mechanical and electronic locking means and accessories therefor, and (2) accessories primarily for two wheeled vehicles such as handle bar grips. *DC Comics v. Kryptonite Corp.*, 336 F. Supp 2d. 324, 333, (S.D.N.Y., 2004).

C. Likelihood of Confusion

Section 2(d) of the Trademark Act bars registration when a mark so resembles a registered mark, that it is likely, when applied to the goods/services, to cause confusion, or to cause mistake or to deceive. TMEP §1207.01. The court in *In re E. I. du Pont de Nemours & Co.*, 476 F.2d 1357, 177 USPQ 563 (C.C.P.A. 1973), listed factors to consider in determining whether likelihood of confusion exists.

1. Kryptonite is not a distinctive mark

The most distinctive marks are marks that are created based on imagination. Here, Kryptonite was not born out of the imagination of Opposer.

Opposer's predecessor adopted the Kryptonite mark as a reference to Superman, which was created by D.C. Comics in 1943. (Exhibit F, Plaintiff's Memorandum of Law in opposition to Defendant's Motion for Summary Judgment, page 2). The mark was used by Opposer to convey that "not even Superman would be able to defeat Kryptonite locks." (Exhibit F, page 2).

Furthermore, Opposer admits that the Kryptonite mark is weak due to D. C. Comics willingness to coexist with third parties. (Exhibit I, Defendant Kryptonite Corporation's Memorandum of Law in Support of Its Motion for Summary Judgment, page 19). This in turn, implies that Opposer mark is weak and indistinctive on the same basis.

Also, over the years, Kryptonite has become a popular part of the American culture. It has been associated with music clubs, performance boats, web designers and hair products. (See Exhibit G). Additionally, it is now commonplace to use the word kryptonite in headlines for news and magazine articles. (See Exhibit H). Based on the above facts, Kryptonite is not a distinctive mark.

2. The Sophistication of the Consumer's are not Alike

When buyers exercise a higher standard of care in making purchasing decisions, confusion is not likely to occur, because the sophistication of the consumers are different. See *In re Shipp*, 1987 WL 123841 (TTAB Aug. 19, 1987).

Using this standard the sophistication of Applicant's customers are much different then that of Opposer. That is, the majority of Opposer's clientele are ordinary persons purchasing security devices from a store; unlike Applicant's consumer's who are professional automobile mechanics buying clutch plates from a wholesaler.

Further, Opposer's consumers will never come in contact with Applicant's mark because of the way in which Applicant markets its products. Hence, there can be no confusion.

Moreover, automobile mechanics are very aware of automobile trademarks, and it is highly unlikely that Applicant's clutch plates will be confused with Opposer's security devices.

3. Applicant's and Opposer's Products are Unrelated

Confusion is unlikely when the goods and services are totally unrelated. *Murray v. Cable Nat'l Broadcasting Co.*, 86 F.3d 858 (9th Cir. 1996).

Applicant's mark is for automotive parts namely anti-friction materials used on clutch plates sold through wholesalers to automotive professionals for their use in automotive repair, where the mark is not seen by the ultimate consumer. Opposer's existing registrations are limited to security locks and accessories for two-wheeled vehicles as delineated in the 1983 agreement. (Exhibit C). Because of the distinct nature of Opposer's products and Applicant's clutch plates, the goods are completely unrelated.

4. Opposer cannot Bridge the Gap

The 1983 Agreement prohibits Opposer from ever using its marks on any products other than security devices or two-wheeled vehicles accessories. (Exhibit C). Therefore, Opposer cannot bridge the gap between its limited market and Applicant's automotive repair market.

5. Applicant's Products will not be Confused with Opposer's Products

Actual confusion cannot exist between Applicant's and Opposer's products because Applicant's products are sold through wholesalers to automotive professionals

for their use in automotive repair, where the mark is not seen by the ultimate consumer. (Exhibit A).

6. Applicant Always Operates under a Good Faith Standard

Applicant always had and will have a good faith belief that Applicant's and Opposer's mark will not be confused. Additionally, Applicant does not intend to trade off of the goodwill of Opposer's products.

7. Quality of products

Applicant's products are made of the finest quality. There products are highly regarded in the field of automotive repair.

8. Marks are Sufficiently Different as not To Cause Confusion

The degree of similarity between the marketing of Applicant's and Opposer's marks are so different that no potential consumers will ever be confused.

D. Famous Marks

Opposer claims to have a strong and famous mark. The FTDA, however, provides standards the courts should consider in determining whether a mark is "distinctive and famous." 15 U.S.C. § 1125(c)(1). Opposer does not meet all of these standards.

1. Kryptonite is not Distinctive

The most distinctive marks are marks that are created based on imagination. Here, Kryptonite was not born out of the imagination of Opposer. Opposer's predecessor adopted the Kryptonite mark as a reference to Superman, which was created by D.C. Comics in 1943. The mark was used by Opposer to convey that "not even Superman would be able to defeat Kryptonite locks." (Exhibit G, Plaintiffs Memo, page 2).

Also, over the years, Kryptonite has become a popular part of the English language. It has been associated with music clubs, performance boats, web designers and hair products. (Exhibit G). Additionally, it is now commonplace to use the word kryptonite in headlines for news and magazine articles. (Exhibit H).

2. Opposer's Product Area is Limited

Opposer mark is only allowed to be sold in the area set forth in the 1983 agreement. They are not allowed to expand their product area unless agreed to by D.C. Comics. Because of these limitations, the mark cannot be famous.

3. Third Party use of the Kryptonite Mark is Widespread

Opposer admits in its Motion for Summary Judgment that DC's Kryptonite mark is weak due to its willingness to coexist with third parties. (Exhibit I, page 19). It, also, has been associated with music clubs, performance boats, web designers and hair products. (Exhibit G). Not to mention that D.C. Comics is the senior user of the mark. (Exhibit F, page 2).

E. The Summary Judgment Motion should be Granted

Based on the facts as presented, Opposer does not have the authority to oppose Applicant's mark. Applicant therefore respectfully requests that the Board grant Applicant's Motion for Summary Judgment.

II. Applicant's Motion to Compel Discovery

Applicant believes Declarations and Depositions taken in regard to the *DC Comics V. Kryptonite Corp.*, No. 00 CV 5562RO litigation are germane to the present case. However, the Board has already decided that documents related to this case are not discoverable because the documents are of public record. (See Board's December 2, 2004 and March 29, 2005 Opinions).

Because of the Board's decision, Applicant sent a clerk to the Southern District of New York to obtain documents of public record. Applicant located some of the court documents. The Southern District, however, informed our clerk that most of Applicant's requested documents were lost during a relocation of case files.

Based on this information, Applicant asked Opposer for these documents in a Fourth Request for Documents and Things. (Exhibit J). In response to this request, Opposer stated that they would not produce these documents due to the Board's December 2, 2004 and March 29, 2005 decisions. (Exhibit K).

A phone call was then made to Opposer explaining Applicant's difficulties in obtaining the documents. During the conversation, Opposer said they would look into producing these documents. Opposer, however, never produced any responsive documents.

Opposer's counsel's behavior and comments cause concern that they have no intention to resolve the discovery issues that remain open.

Since it is not possible for Applicant to obtain these documents from the court, Applicant respectfully requests that the Board reconsider its opinion regarding discoverability of court documents.

III. Motion to Stay Proceeding

A. The D.C. Comics Litigation Is Germane to the Present Opposition

The present opposition is set around the use of the Kryptonite mark. This mark is used by multiple parties and is presently being litigated as to who has authority to use the Kryptonite mark and in what areas the mark may be used.

B. The Present Opposition should be Stayed

Based on a judicial economy standpoint, if Applicant's Motion for Summary Judgment is not granted, this opposition should be stayed pending the outcome of *DC Comics V. Kryptonite Corp.*, No. 00 CV 5562RO. Once the Opposer's market area is clearly defined, Applicant will have a better understanding of the scope and breathe of Opposer's use.

CONCLUSION

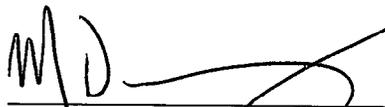
Applicant respectfully requests that (1) the Motion to Compel Discovery and Motion for Summary Judgment be granted in favor of Applicant or, (2) the Motion to Compel Discovery be granted in favor of Applicant and the present Opposition stayed pending the outcome of the *DC Comics V. Kryptonite Corp.*, No. 00 CV 5562RO.

Please charge any pertinent fees to deposit account No. 06-0515.

**I here I hereby certify that this correspondence is being deposited with
The United States Postal Service as first class mail in an envelope addressed to : Commissioner of
Patents and Trademarks, P.O.. Box 1450, Alexandria, VA 22313-1450, on: 6-1-05**

Respectfully submitted,
STEPHEN E. FELDMAN, P.C.

By:


Matthew T. Dennehy
Attorney for Applicant

Dated: June 1, 2005

CERTIFICATE OF SERVICE

A copy of the foregoing Applicant's Motion to Compel Discovery and Applicant's Motion for Summary Judgment or, in the Alternative, Motion to Stay Proceeding, has been served by the undersigned, this 1 day of June, 2005, upon Opposer's attorney:

Michael Best & Friedrich LLP
Lori Meddings
100 East Wisconsin Avenue
Suite 3300
Milwaukee, WI 53202



Leslie Hines

Dated: June 1, 2005

Exhibit A



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Typed Drawing

Word Mark KRYPTONITE

Goods and Services IC 012. US 019 021 023 031 035 044. G & S: AUTOMOTIVE PARTS NAMELY ANTI-FRICTION MATERIALS USED ON CLUTCH PLATES SOLD THROUGH WHOLESALERS TO AUTOMOTIVE PROFESSIONALS FOR THEIR USE IN AUTOMOTIVE REPAIR, WHERE THE MARK IS NOT SEEN BY THE ULTIMATE CONSUMER. FIRST USE: 20010901. FIRST USE IN COMMERCE: 20010901

Mark Drawing Code (1) TYPED DRAWING

Serial Number 76493797

Filing Date February 24, 2003

Current Filing Basis 1A

Original Filing Basis 1A

Published for Opposition February 10, 2004

Owner (APPLICANT) Alto Products, Corp. CORPORATION ALABAMA P.O. Box 1088 Altmore ALABAMA 365041088

Attorney of Record Stephen E. Feldman

Type of Mark TRADEMARK

Register PRINCIPAL

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Indicator** LIVE

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Exhibit B



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Typed Drawing

Word Mark	KRYPTONITE
Goods and Services	IC 006. US 025. G & S: LOCKING MECHANISMS-NAMELY, LOCKS FOR BICYCLES AND THE LIKE. FIRST USE: 19720500. FIRST USE IN COMMERCE: 19720500
Mark Drawing Code	(1) TYPED DRAWING
Serial Number	73017730
Filing Date	April 1, 1974
Current Filing Basis	1A
Original Filing Basis	1A
Change In Registration	CHANGE IN REGISTRATION HAS OCCURRED
Registration Number	1002571
Registration Date	January 28, 1975
Owner	(REGISTRANT) KBL CORPORATION AKA KRYPTONITE CORPORATION CORPORATION MASSACHUSETTS 20 E. CONCORD ST. BOSTON MASSACHUSETTS 02118

(LAST LISTED OWNER) Schlage Lock Company CORPORATION CALIFORNIA

2720 Tobey Drive Indianapolis INDIANA 46219

Assignment Recorded ASSIGNMENT RECORDED
Attorney of Record Dyann L. Kostello
Type of Mark Register TRADEMARK PRINCIPAL
Affidavit Text SECT 15. SECT 8 (6-YR). SECTION 8(10-YR) 20050205.
Renewal 3RD RENEWAL 20050205
Live/Dead Indicator LIVE

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Word Mark	BIKELOCK KRYPTONITE
Goods and Services	(CANCELLED) IC 006. US 025. G & S: Locking Mechanisms-Namely, Locks for Bicycles and the Like. FIRST USE: 19740815. FIRST USE IN COMMERCE: 19740815
Mark Drawing Code	(3) DESIGN PLUS WORDS, LETTERS, AND/OR NUMBERS
Design Search Code	141108 261925
Serial Number	73060884
Filing Date	August 20, 1975
Current Filing Basis	1A
Original Filing Basis	1A
Published for Opposition	December 21, 1976
Registration Number	1253568

Registration Date October 11, 1983

Owner (REGISTRANT) KBL Corporation CORPORATION MASSACHUSETTS 20 E.
Concord St. Boston MASSACHUSETTS 02118

(LAST LISTED OWNER) KRYPTONITE CORPORATION CORPORATION BY
CHANGE OF NAME FROM MASSACHUSETTS

Assignment Recorded ASSIGNMENT RECORDED

Attorney of Record MORSE, ALTMAN, DACEY & BENSON

Type of Mark TRADEMARK

Register PRINCIPAL

Affidavit Text SECT 8 (6-YR).

Live/Dead Indicator DEAD

Cancellation Date July 17, 2004

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Typed Drawing

Word Mark	KRYPTONITE-5
Goods and Services	IC 006. US 019 025. G & S: METAL LOCKING MECHANISMS, NAMELY, LOCKS FOR BICYCLES, MOPEDS, MOTORCYCLES, AND THE LIKE. FIRST USE: 19850108. FIRST USE IN COMMERCE: 19850108
Mark Drawing Code	(1) TYPED DRAWING
Serial Number	73519161
Filing Date	January 24, 1985
Current Filing Basis	1A
Original Filing Basis	1A
Published for Opposition	May 28, 1985
Registration Number	1352416
Registration Date	August 6, 1985
Owner	(REGISTRANT) KBL CORPORATION CORPORATION MASSACHUSETTS 95 FREEPORT STREET DORCHESTER MASSACHUSETTS 02122 (LAST LISTED OWNER) KRYPTONITE CORPORATION CORPORATION BY CHANGE OF NAME FROM MASSACHUSETTS 95 FREEPORT STREET

DORCHESTER MASSACHUSETTS 02122

Assignment Recorded ASSIGNMENT RECORDED

Attorney of Record DEBORAH L. BENSON

Prior Registrations 1002571;1307647

Type of Mark TRADEMARK

Register PRINCIPAL

Affidavit Text SECT 15. SECT 8 (6-YR).

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Typed Drawing

Word Mark	KRYPTONITE
Goods and Services	IC 012. US 019 021 023 031 035 044. G & S: bicycle parts specially adapted for mounting on bicycles, namely, the following - duffel bags and carriers for mounting on bicycle racks, crossbars, and handlebars. FIRST USE: 19970000. FIRST USE IN COMMERCE: 19970000
	IC 018. US 001 002 003 022 041. G & S: commuter bags for bicyclists, namely, tote bags, travel bags, duffel bags, briefcases, messenger bags. FIRST USE: 19970000. FIRST USE IN COMMERCE: 19970000
Mark Drawing Code	(1) TYPED DRAWING
Serial Number	74619196
Filing Date	January 9, 1995
Current Filing Basis	1A
Original Filing Basis	1B
Published for Opposition	October 24, 1995
Registration Number	2244791
Registration Date	May 11, 1999

Owner (REGISTRANT) Kryptonite Corporation CORPORATION MASSACHUSETTS 320
Turnpike Street Canton MASSACHUSETTS 02021

Assignment Recorded ASSIGNMENT RECORDED

Attorney of Record DEBORAH L. BENSON

Prior Registrations 1002571;1253568;1352416

Type of Mark TRADEMARK

Register PRINCIPAL

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Typed Drawing

Word Mark	KRYPTONITE
Goods and Services	IC 006. US 002 012 013 014 023 025 050. G & S: Metal locks, metal locking mechanisms, metal security cable, metal integrated locks and cable. FIRST USE: 19720500. FIRST USE IN COMMERCE: 19720500
Mark Drawing Code	(1) TYPED DRAWING
Serial Number	75565350
Filing Date	October 5, 1998
Current Filing Basis	1A
Original Filing Basis	1A
Published for Opposition	May 18, 1999
Registration Number	2269238
Registration Date	August 10, 1999
Owner	(REGISTRANT) Kryptonite Corporation CORPORATION MASSACHUSETTS 320 Turnpike Street Canton MASSACHUSETTS 02021
Assignment Recorded	ASSIGNMENT RECORDED
Attorney of	

Record Deborah L. Benson
Prior Registrations 1002571;1352416;AND OTHERS
Type of Mark TRADEMARK
Register PRINCIPAL
Live/Dead Indicator LIVE

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Typed Drawing

Word Mark	KRYPTONITE
Goods and Services	IC 006. US 002 012 013 014 023 025 050. G & S: computer security devices, namely, metal locks, metal locking mechanisms, metal security cable, metal integrated locks and cable. FIRST USE: 19991000. FIRST USE IN COMMERCE: 19991000
Mark Drawing Code	(1) TYPED DRAWING
Serial Number	75281756
Filing Date	April 28, 1997
Current Filing Basis	1A
Original Filing Basis	1B
Published for Opposition	April 14, 1998
Registration Number	2350478
Registration Date	May 16, 2000
Owner	(REGISTRANT) Kryptonite Corporation CORPORATION MASSACHUSETTS 320 Turnpike Street Canton MASSACHUSETTS 02021
Attorney of Record	DEBORAH L BENSON

Prior Registrations 1352416
Type of Mark TRADEMARK
Register PRINCIPAL
Live/Dead Indicator LIVE

[PTO HOME](#) [TRADEMARK](#) [TESS HOME](#) [NEW USER](#) [STRUCTURED](#) [FREE FORM](#) [BROWSE DICT](#) [TOP](#) [HELP](#)

[|.HOME](#) | [SITE INDEX](#) | [SEARCH](#) | [eBUSINESS](#) | [HELP](#) | [PRIVACY POLICY](#)

Exhibit C

AGREEMENT

This agreement is made between DC Comics Inc., a corporation of the State of New York, with offices at 75 Rockefeller Plaza, New York, New York 10019 (hereinafter referred to as DC) and KBL Corporation, a corporation of the Commonwealth of Massachusetts, with offices at 95 Freeport Street, Dorchester, Massachusetts 02122 (hereinafter referred to as KBL).

WHEREAS, DC has adopted for its use and/or registration the trademarks KRYPTONITE, KRYPTON, KRYPTO, KRYPTO THE SUPERDOG, IT'S TERRIFIC, IT'S FANTASTIC, IT'S KRYPTONASTIC and THE WORLD OF KRYPTON (hereinafter referred to as DC's Marks), for use in connection with a variety of goods (hereinafter referred to as DC's Products), including comic magazines, comic books and motion pictures and a general line of licensed merchandise but specifically excluding (1) security devices and accessories therefor without limitation, such as mechanical and electronic locking means and accessories therefor, and (2) accessories primarily for two wheeled vehicles, such as handle bar grips; and

WHEREAS, KBL has adopted for its use and/or registration the trade name Kryptonite Corporation and the trademarks KRYPTONITE, KRYPTONITE and Design and KRYPTO GRIP, (hereinafter collectively referred to as KBL's Marks) in connection with (1) security devices and accessories therefor, without limitation, such as mechanical and electronic locking means and accessories therefor, and (2) accessories primarily for two wheeled vehicles, such as handle bar grips (hereinafter referred to as KBL's Products), and attached hereto as Schedule A is a list of applications and registrations of KBL's Marks worldwide; and

WHEREAS, DC has filed extensions to oppose or oppose the registration of various applications for KBL's Marks worldwide, which are also indicated on Schedule A; and

WHEREAS, the parties to this agreement wish to settle this matter without the need for further legal action and to

avoid possible confusion anywhere in the world in connection with the above;

NOW, THEREFORE, in consideration of the premises and the mutual promises, agreements and covenants herein contained, the parties agree as follows:

1. KBL shall not in any manner indicate or suggest that KBL's Products are or were sponsored by or affiliated with DC, or in any manner associate KBL's Products with DC's Products, or with DC's marks KRYPTON, KRYPTO THE SUPERDOG, IT'S TERRIFIC, IT'S FANTASTIC, IT'S KRYPTONASTIC and THE WORLD OF KRYPTON. In particular and without limitations KBL shall not associate KBL Products with the SUPERMAN, SUPERBOY, SUPERGIRL, SUPERKIDS, SUPER JR. and KRYPTO THE SUPERDOG character, word mark and device mark, shall not utilize three-dimensional telescopic lettering similar to the lettering of the SUPERMAN Logo (attached as Exhibit A) and shall not use either the word "SUPER" or a SUPER formative word in the advertising, promotion, packaging or labeling of the KBL Products.
2. DC shall not in any manner use or refer to DC's Marks in any manner to falsely indicate or suggest that DC's Products are or were sponsored or affiliated with KBL or in any manner associate DC's Products with KBL or with KBL's Products or with any part thereof or authorize or permit any of its licensees to do any of the foregoing.
3. KBL agrees that it will restrict the use of KBL's Marks to KBL's Products and will not expand its use of such marks to other products and DC agrees not to use DC's Marks on KBL's Products.
4. KBL agrees that it will neither use nor apply for registration of any KRYPT formative marks other than KBL's Marks for KBL's Products.

pending applications and registrations worldwide covering KBL's Marks on goods other than KBL's Products. If an application or registration covers KBL's Products in addition to other goods, KBL agrees to amend the applications or registrations to delete all goods other than KBL's Products and DC agrees to consent to such amendment. If an amendment to an application or registration is not accepted by the Trademark Office or Court KBL agrees to withdraw or cancel same.

6. Both parties agree that they will use KRYPT formative marks on goods only as permitted by this agreement and each party agrees not to interfere with the use or the registration by the other. Each party further agrees to take reasonable steps to avoid confusion of the public in connection with the sale and advertising of its products.

7. Both parties agree that all adverse legal actions and administrative proceedings anywhere in the world between the parties hereto involving KBL's Marks shall be voluntarily withdrawn by the instituting party without cost to the other party; however, if an application or registration involved in the legal action or administrative proceeding involves goods other than KBL's products, DC agrees to withdraw such action or proceeding only after acceptance by the Trademark Office or Court of the amendment to the application or registration or the abandonment or cancellation of same in accordance with paragraph 5 above.

8. Each party, upon written request of the other shall without cost to the other execute whatever documents may reasonably be necessary to effectuate the purposes of the agreement. Each party agrees upon written request of the other party to issue consents to the registration,

~~Maintenance and/or use of their ~~respective~~ trademarks.~~

9. This agreement shall inure to the benefit of and be binding upon the parties and their respective successors, assigns and licensees.

10. This agreement shall be effective worldwide as of the last date indicated below.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates hereinafter indicated.

Date: 2/1/83

DC COMICS INC.



PAUL LEVITZ

VICE PRESIDENT-OPERATIONS
KBL CORPORATION

Date: 1/17/83



Peter Zane, Vice-President

SCHEDULE A

<u>TRADEMARK</u>	<u>COUNTRY</u>	<u>GOODS</u>	<u>OFFICAL No</u>
KRYPTONITE	United States	Locking mechanisms, namely, locks for bicycles and the like in Int. Class 6	Reg. 1002571
KRYPTONITE and Design (opposition)	United States	Locking mechanisms, namely, locks for bicycles and the like in Int. Class 6	App. 60884
KRYPTO GRIP (extension to oppose)	United States	Flexible grips for handle bars for bicycles and the like in Int. Class 12	App. 275388
KRYPTONITE (opposition)	W. Germany	Locking mechanisms, namely, locks for bicycles and the like in Int. Class 6	App. K43517/ 6Wz
KRYPTONITE (extension to oppose)	Sweden	Locking mechanisms, namely, locks for bicycles and the like in Int. Class 6	App. 80-6083
KRYPTONITE	Japan	Locking mechanisms, namely, locks for bicycles and the like in Japanese Class 13	App. 93003/ 1980
KRYPTONITE	Italy	Locking mechanisms, namely, locks for bicycles and the like in Int. Class 6	App. 35769C/ 80
KRYPTONITE	G. Britain	Locking mechanisms, namely, locks for bicycles and the like in Int. Class 6	App. 1157782
KRYPTONITE	France	Locking mechanisms, namely, locks for bicycles and the like in Int. Class 6	Reg. 1130789

<u>MARK</u>	<u>COUNTRY</u>	<u>GOODS</u>	<u>OFFICIAL No</u>
KRYPTONITE	Canada	Locking mechanisms, namely, locks for bicycles and the like in Int. Class 6	Reg. 224222
KRYPTONITE	Benelux	Locking mechanisms, namely, locks for bicycles and the like in Int. Class 6	Reg. 366731
KRYPTONITE (opposition)	Argentina	Locking mechanisms, namely, locks for bicycles and the like in Int. Class 6	App. 1268685
KRYPTONITE	Venezuela	Locking mechanisms, namely, locks for bicycles and the like in Int. Class 6	App. 9732-80
KRYPTONITE	Mexico	Locking mechanisms, namely, locks for bicycles and the like in Mexican Class 25	App. 206782
KRYPTONITE	Australia	Security devices and accessories therefor, without limitation, such as mechanical and electronic locking means and accessories therefor in Int Classes 6, 9; accessories for two wheeled vehicles in Int. Class 12	(App. filed)

SUPERMAN

EXHIBIT
A

Exhibit B

Exhibit D

Westlaw.

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H**Motions, Pleadings and Filings**

United States District Court,
S.D. New York.
DC COMICS, Plaintiff,
v.
KRYPTONITE CORPORATION, Defendant.
No. 00 CV 5562 (RO).

Sept. 20, 2004.

Background: Comic book publisher sued manufacturer of bicycle locks and accessories, alleging breach of contract, trademark infringement, unfair competition, trademark dilution, and related state law claims. Manufacturer asserted counterclaims for rescission, declaration of no trademark rights, breach of contract, cancellation of trademark registration, and injunctive relief. Manufacturer moved for summary judgment, and publisher cross-moved for partial summary judgment.

Holdings: The District Court, Owen, J., held that:

- (1) factual issues precluded summary judgment for manufacturer on breach of contract claim;
- (2) publisher owned valid trademarks, protected under Lanham Act, in term "Kryptonite," that fictional element's green glowing appearance, and other related indicia;
- (3) factual issues precluded summary judgment for manufacturer on publisher's trademark and unfair competition claims under Lanham Act;
- (4) publisher did not breach trademark settlement agreement by entering into licensing agreements with third parties;
- (5) factual issues precluded summary judgment for publisher on manufacturer's contract claim;
- (6) publisher did not abandon mark; and
- (7) factual issues precluded summary judgment for

manufacturer on its claim for injunctive relief.
Motions granted in part and denied in part.

West Headnotes

[1] Federal Civil Procedure ↪2492

170Ak2492 Most Cited Cases

In contract cases, when contract language is ambiguous, the differing interpretations of the contract present a triable issue of fact making summary judgment not appropriate.

[2] Contracts ↪143(2)

95k143(2) Most Cited Cases

Contract language is "ambiguous" if it is capable of more than one meaning when viewed objectively by a reasonably intelligent person who has examined the context of the entire integrated agreement.

[3] Contracts ↪143(2)

95k143(2) Most Cited Cases

Contract language is not "ambiguous" if it has a definite and precise meaning, unattended by danger of misconception in the purport of the contract itself, and concerning which there is no reasonable basis for a difference of opinion.

[4] Federal Civil Procedure ↪2492

170Ak2492 Most Cited Cases

Material issues of fact existed with regard to what constituted "security device and accessories" under trademark use agreement between comic book publisher and manufacturer of bicycle locks and accessories, with regard to whether agreement covered only products being made by manufacturer when agreement was executed, and with regard to whether manufacturer had associated itself with publisher's characters or comic books in violation of agreement, precluding summary judgment for manufacturer on publisher's breach of contract claim.

[5] Trademarks ↪1420

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382Tk1420 Most Cited Cases
(Formerly 382k332)**[5] Trademarks** ⇨1421382Tk1421 Most Cited Cases
(Formerly 382k332)

To establish claims of trademark infringement and unfair competition under Lanham Act, plaintiff must demonstrate (1) that it has a valid mark that is entitled to protection under the Act, and (2) that there exists a likelihood of confusion that consumers will be misled or confused as to the source of the goods in question. Lanham Trade-Mark Act, §§ 32(1), 43(a), 15 U.S.C.A. §§ 1114(1), 1125(a).

[6] Trademarks ⇨1028382Tk1028 Most Cited Cases
(Formerly 382k350.1)**[6] Trademarks** ⇨1057(1)382Tk1057(1) Most Cited Cases
(Formerly 382k350.1)

Comic book publisher owned valid trademarks, protected under Lanham Act, in term "Kryptonite," that fictional element's green glowing appearance, and other related indicia, given that, as a result of broad dissemination throughout all media, "Kryptonite" was immediately recognized or associated with publisher's superhero character, and thus served to identify the entertainment and other goods and services created, distributed, and licensed by or on behalf of publisher. Lanham Trade-Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

[7] Trademarks ⇨1057(1)382Tk1057(1) Most Cited Cases
(Formerly 382k331)**[7] Trademarks** ⇨1062382Tk1062 Most Cited Cases
(Formerly 382k331)

When the product sold by plaintiff is "entertainment" in one form or another, then not only the advertising of the product but also an ingredient of the product itself can amount to a trademark protectable under Lanham Act, inasmuch as the ingredient can come to symbolize plaintiff or

its product in the public mind. Lanham Trade-Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

[8] Trademarks ⇨1057(1)382Tk1057(1) Most Cited Cases
(Formerly 382k37)**[8] Trademarks** ⇨1062382Tk1062 Most Cited Cases
(Formerly 382k37)

"Ingredients" of entertainment property protectable under Lanham Act include the names and nicknames of entertainment characters and their physical appearances and costumes, but not their physical abilities or personality traits. Lanham Trade-Mark Act, § 43(a), 15 U.S.C.A. § 1125(a).

[9] Trademarks ⇨1112382Tk1112 Most Cited Cases
(Formerly 382k336)

In analyzing the likelihood of confusion in the context of trademark infringement or unfair competition claim under Lanham Act, court must determine whether numerous ordinary purchasers are likely to be misled or confused as to the source of the product in question because of the entrance in the marketplace of defendant's mark. Lanham Trade-Mark Act, §§ 32(1), 43(a), 15 U.S.C.A. §§ 1114(1), 1125(a).

[10] Trademarks ⇨1081382Tk1081 Most Cited Cases
(Formerly 382k363.1, 382k345.1, 382k340.1, 382k334.1, 382k333)

Eight factors that courts should consider in determining whether a likelihood of confusion exists for purposes of trademark infringement or unfair competition claim under Lanham Act include (1) the strength of mark, (2) similarity of defendant's mark, (3) competitive proximity of the products, (4) the likelihood that mark holder will bridge the gap by entering defendant's market, (5) actual confusion between the products, (6) good faith on defendant's part, (7) the quality of defendant's product, and (8) sophistication of buyers. Lanham Trade-Mark Act, §§ 32(1), 43(a), 15 U.S.C.A. §§ 1114(1), 1125(a).

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[11] Federal Civil Procedure ⤴2493

170Ak2493 Most Cited Cases

(Formerly 382k722)

Summary judgment in a trademark action is appropriate when the undisputed evidence would lead to only one conclusion as to whether confusion is likely. Lanham Trade-Mark Act, §§ 32(1), 43(a), 15 U.S.C.A. §§ 1114(1), 1125(a).

[12] Federal Civil Procedure ⤴2493

170Ak2493 Most Cited Cases

(Formerly 382k722)

Material issues of fact existed as to whether there was likelihood of confusion at the consumer level with regard to origin of goods of manufacturer of bicycle locks and accessories and of comic book publisher based on use of "Kryptonite" mark, precluding summary judgment for manufacturer on publisher's claims for trademark infringement and unfair competition under Lanham Act. Lanham Trade-Mark Act, §§ 32(1), 43(a), 15 U.S.C.A. §§ 1114(1), 1125(a).

[13] Compromise and Settlement ⤴19(.5)

89k19(.5) Most Cited Cases

Manufacturer of bicycle locks and accessories could not show that public injury would result if manufacturer was held to its trademark settlement agreement with comic book publisher, and thus was not entitled to rescission of contract.

[14] Compromise and Settlement ⤴19(.5)

89k19(.5) Most Cited Cases

To obtain rescission of a freely bargained trademark settlement agreement, party must show that the public interest will be significantly injured if the contract is allowed to stand.

[15] Compromise and Settlement ⤴20(1)

89k20(1) Most Cited Cases

Comic book publisher did not breach trademark settlement agreement with manufacturer of bicycle locks and accessories by entering into licensing agreements with third parties, given that settlement agreement was formed after publisher entered into one such licensing agreement, and that second challenged agreement was settlement, not licensing, agreement.

[16] Federal Civil Procedure ⤴2492

170Ak2492 Most Cited Cases

Material issues of fact existed as to whether, through its licensing of bicycle products, comic book publisher violated provision of trademark settlement agreement in which it agreed not to use its marks on certain products assigned by settlement agreement to manufacturer of bicycle locks and accessories, precluding summary judgment for publisher on manufacturer's breach of contract claim.

[17] Trademarks ⤴1157

382Tk1157 Most Cited Cases

(Formerly 382k71)

Comic book publisher did not stop using "Kryptonite" trademark, or demonstrate any intent not to resume use, and thus did not abandon mark, given that, since its introduction in radio program as part of superhero story, mark was regularly featured in publisher's comic books, motion pictures, and television programs, mark regularly appeared on licensed consumer merchandise, and mark or its appearance were used in connection with consumer products such as toys, apparel, books, calendars, games, greeting cards, novelty items, and video games.

[18] Trademarks ⤴1156

382Tk1156 Most Cited Cases

(Formerly 382k71)

To establish claim that mark holder has abandoned its rights in trademark, plaintiff is required to demonstrate (1) non-use by mark holder and (2) an intent not to resume use.

[19] Trademarks ⤴1154

382Tk1154 Most Cited Cases

(Formerly 382k69.1)

When considering whether a mark has been abandoned, the court must consider the trademark owner's business to determine what constitutes use of the mark.

[20] Trademarks ⤴1353

382Tk1353 Most Cited Cases

(Formerly 382k254.1)

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(Cite as: 336 F.Supp.2d 324, 2004 WL 2101927 (S.D.N.Y.))**[20] Trademarks** ⤵ **1360**382Tk1360 Most Cited Cases
(Formerly 382k254.1)

Mark holder's federal registrations of "Kryptonite" trademark were incontestable under Lanham Act, which precluded manufacturer of bicycle locks and accessories from challenging holder's use of mark on t-shirts as not trademark use. Lanham Trade-Mark Act, § 15, 15 U.S.C.A. § 1065.

[21] Federal Civil Procedure ⤵ **2493**

170Ak2493 Most Cited Cases

Material issues of fact existed regarding proper scope of definitions, under trademark settlement agreement, of products of manufacturer of bicycle locks and accessories and of products of comic book publisher, precluding summary judgment for manufacturer on its claim to enjoin publisher from using and registering mark in connection with two-wheeled vehicles.

Trademarks ⤵ **1800**382Tk1800 Most Cited Cases
(Formerly 382k736)
Kryptonite.

*327 Patrick T. Perkins, Fross Zelnick Lerhman & Zissu, P.C., New York, NY, for DC Comics.

William R. Grimm, Hinckley Allen & Snyder, LLP, Boston, MA and Jonathan E. Moskin, White & Case LLP, New York, NY, for Kryptonite Corp.

OPINION AND ORDER

OWEN, District Judge.

**1 DC Comics, the publisher of comic books and magazines featuring Superman, filed the instant action in 2000 against Kryptonite Corporation ("KC"), the manufacturer of bicycle locks and accessories, alleging breach of contract, trademark infringement, unfair competition, trademark dilution, and related state law claims. KC, in turn, alleges as counter-claims: rescission, a declaration that DC Comics has no trademark rights in kryptonite, breach of contract, cancellation of DC Comics' trademark registration, and enjoining DC

Comics from using and registering kryptonite for certain uses.

KC moves this Court for summary judgment on all the claims in DC Comics' complaint. DC Comics cross-moves for partial summary judgment on KC's counter-claims.

For the reasons set forth below, KC's motion for summary judgment is denied and DC Comics' motion for partial summary judgment is granted in part and denied in part.

Background

"Bullets! ... Fire! ... Bombs! ... Acid! I'm immune to them all! But kryptonite is my Achilles heel ... the only substance in the world that can harm me!" Levitz Decl. ¶ 30.

The story of Superman is well known: While still an infant, Superman was sent by his parents to Earth aboard a space ship from his home planet Krypton. On Earth, Superman is secretly possessed of extraordinary physical abilities, including superhuman strength and speed, x-ray vision, the ability to fly, and the ability to withstand bullets. Superman's sole weakness is his vulnerability to several forms of Kryptonite, an element from Superman's home planet. The most well known form of Kryptonite is Green Kryptonite, which weakens and can kill Superman. DC Comics has also featured a variety of other forms of Kryptonite, including Gold Kryptonite, Blue Kryptonite, and Anti-Kryptonite. Compl. ¶ 9-22.

DC Comics invented Kryptonite in connection with the radio program *The Adventures of Superman* in 1943 and Kryptonite first appeared in movies in 1948 and in comic books in 1949. Writers at DC Comics have referred to Kryptonite as "the one substance that ... can overpower the Man of Steel," "Superman's one fatal flaw," and "the ghastly green substance" that is "the only thing the Man of Steel has to fear in the entire universe." Levitz Decl. ¶ 30.

Kryptonite Corporation ("KC") is a manufacturer

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of bicycle and motorcycle locks and accessories. KC's predecessor, KBL Corporation (which was short for Kryptonite Bike Lock, hereinafter "KBL") began using the "kryptonite" trademark on a limited basis in 1972 in connection with its security devices (principally bike locks) without the permission of DC Comics. Compl. ¶ 29.

DC Comics first discovered KBL was using the "kryptonite" trademark in 1976 when KBL applied to register "kryptonite bike locks" with the U.S. Patent and Trademark Office. Thereafter, DC Comics and KBL engaged in a series of correspondence concerning use of the "kryptonite" mark. This correspondence concluded with the execution of an agreement in early 1983 ("the Agreement").

***328 **2** The Agreement limited KBL's use (and by extension KC's use) to the following three marks: "Kryptonite," "Kryptonite and Design," and "Krypto Grip" (collectively "KBL's Marks"). The Agreement limited the use of the KBL Marks to the following products: "(1) security devices and accessories therefore, without limitation, such as mechanical and electronic locking means and accessories therefore, and (2) accessories primarily for two wheeled vehicles, such as handle bar grips ("KBL's products')." *See* Agreement, at 1.

KBL also agreed it would not expand its use of the KBL Marks to products other than the KBL Products and that KBL would "neither use nor apply for the registration of any Krypt formative marks other than KBL's Marks for KBL's Products." *Id.* at 2.

In addition, the parties agreed that KBL would not associate KBL Products with the "Superman, Superboy, Supergirl, Superkids, Super Jr., and Krypto the Superdog character, word mark and device mark ... and shall not use either the word 'super' or a super formative word in the advertising, promotion, packaging or labeling of the KBL Products." *Id.* at 2.

DC Comics, in turn, agreed (1) it would not use DC's Marks [FN1] on KBL's Products and (2) it

would not use DC's Marks in any manner to indicate that DC's Products [FN2] are sponsored by or affiliated with KBL or in any manner associate its products with KBL's Products. *Id.*

FN1. "DC's Marks" are defined as "Kryptonite, Krypton, Krypto the Superdog, It's Terrific, It's Fantastic, It's Kryptonastic, and The World of Krypton." *See* Agreement at 1.

FN2. "DC's Products" are defined as including "comic magazines, comic books and motion pictures and a general line of licensed merchandise ..." *See Id.*

DC Comics contends that KC breached the Agreement when, in the late 1990's, KC filed trademark applications indicating an intention to use the "Kryptonite" trademark with products that were well beyond locks and handle bar grips. For example, according to DC Comics, KC had applied to use KBL's Marks in connection with items including tote bags, briefcases, helmets, pants, jerseys, polishing agents, and computer hardware and software. Compl. ¶ 37.

Additionally, DC argues that KC is using and has applied for and/or registered "Krypto" stem words in violation of the Agreement, including "Kryptonium," "Kryptoflex," "Kryptovault," and "Kryptokoil." Compl. ¶ 36

Finally, DC Comics contends that KC used the word "super" in "advertising, promotion, packaging or labeling of KBL Products" which is expressly prohibited by the Agreement.

DC Comics also brings claims for infringement, unfair competition and dilution of DC Comics' kryptonite trademark under the Lanham Act, and for related state law claims based upon KC's impermissible use of kryptonite and of other confusingly similar krypto-formative marks and conduct designed to suggest a connection between KC's goods and the Superman legend and to unfairly capitalize on them.

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KC filed counter-claims. KC's first counterclaim is for rescission of the Agreement based, among other things, on their claim that the purposes of the Agreement have been "substantially frustrated." KC's second counterclaim is for a declaration that DC Comics owns no trademark rights in kryptonite on the grounds that DC Comics has not used the words kryptonite or krypt in connection with the sale of goods or services in commerce. KC's third counterclaim is that DC Comics breached the Agreement by, among other *329 things, licensing the use of elements from the Superman Story for use on security devices and accessories for two-wheeled vehicles. KC's fourth counterclaim is for cancellation of DC Comics's trademark registrations of Kryptonite based on alleged non-use. KC's fifth counterclaim is to enjoin DC Comics from using and registering the Kryptonite mark in connection with two-wheeled vehicles.

Summary Judgment Standard

**3 Summary judgment is proper under Fed.R.Civ.P. Rule 56(c) where there are no genuine issues of material fact in dispute and the moving party is entitled to judgment as a matter of law. *Celotex Corp. v. Catrett*, 477 U.S. 317, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986). The party moving for summary judgment meets its burden by establishing an absence of evidence to support the opposing party's allegations. *Id.* at 325, 106 S.Ct. 2548. The burden then shifts to the non-moving party to "set forth specific facts showing that there is a genuine issue for trial." Fed.R.Civ.Pr. 56(e).

[1][2] In contract cases, "where contract language is ambiguous, the differing interpretations of the contract present a triable issue of fact" and thus summary judgment is not appropriate. *Consolidated Edison, Inc. v. Northeast Utilities*, 249 F.Supp.2d 387, 411 (S.D.N.Y.,2003) (citations omitted). Contract language is ambiguous if it is "capable of more than one meaning when viewed objectively by a reasonably intelligent person who has examined the context of the entire integrated agreement...." *Sayers v. Rochester Telephone Corp. Supplemental Management Pension Plan*, 7 F.3d 1091, 1095 (2d Cir.1993) (citations omitted).

[3] "[C]ontract language is not ambiguous if it has a definite and precise meaning, unattended by danger of misconception in the purport of the [contract] itself, and concerning which there is no reasonable basis for a difference of opinion." *Hunt Ltd. v. Lifschultz Fast Freight, Inc.*, 889 F.2d 1274, 1277 (2d Cir.1989).

I. Kryptonite Corporation's Motion for Summary Judgment

A. Breach of Contract

KC has moved for summary judgment on the breach of contract claim arguing that there is an absence of evidence to support the DC Comics' allegations of a breach of contract.

1. Definition of KBL Products

[4] KC first argues that the definition of KBL's Products in the Agreement is unambiguous:

(1) security devices and accessories therefore, without limitation, such as mechanical and electronic locking means and accessories therefore, and

(2) accessories primarily for two wheeled vehicles such as handle bar grips.

Ag. 2.

KC argues that the plain meaning of this language is that KC can use its marks on *any type* of security device and accessory for two wheeled vehicles in *all* channels of trade without regard to the type of security devices and accessories it was manufacturing or selling in 1983. This interpretation, KC argues, is bolstered by the inclusion of the broad and expansive language "without limitation" and the absence of any limiting terms. KC also argues that the meaning of the terms "security device" and "accessory" are also unambiguous and should be afforded their usual meaning. They argue it is clear that the goods set forth in KC's trademark applications and registrations fit *squarely* within such meanings and do not breach the agreement.

*330 DC Comics, on the other hand, argues that

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KC's reading ignores the plain language of the Agreement that expressly limited KC to those products with which it had used or registered the mark in 1983. DC Comics also argues that the only plausible reading of the "without limitation" language is that that phrase modifies the language that comes after "such as" and *clarifies* that the specific examples of "security devices" listed were not intended to be the *entire* list of permissible devices. DC Comics also argues that the term "security device" is ambiguous and that KC's attempt to create an unambiguous and "plain" meaning for "security device" by combining dictionary definitions of the words "security" and "device" further proves that the term is ambiguous.

**4 I find that the definition of KBL Products in the Agreement is ambiguous and that there are triable issues of fact regarding what constitutes "security device and accessories" and whether the Agreement only covers products KC was making in 1983.

2. Associating with Superman and use of the word Super.

Next, KC argues that it did not breach the following provision of the Agreement:

KBL shall *not in any manner* indicate or suggest that KBL's Products are or were sponsored by or affiliated with DC, or in any manner associate its products with DC's Products, [FN3] or with DC's Marks, [FN4] ... in particular and without limitations KBL shall *not associate* with the Superman, Superboy, Supergirl, Superkids, Super Jr., and Krypto the Superdog character, word mark and device mark ... and shall not use either the word 'super' or a super formative word in the advertising, promotion, packaging or labeling of the KBL Products.

FN3. "DC's Products" are defined as including "comic magazines, comic books and motion pictures and a general line of licensed merchandise ..." See Agreement at 1.

FN4. "DC's Marks" are defined as

"Kryptonite, Krypton, Krypto the Superdog, It's Terrific, It's Fantastic, It's Kryptonastic, and The World of Krypton."
See Id.

Ag. ¶ 2. (emphasis added)

DC Comics, however, presents evidence of the following actions which they claim constitutes a breach by defendant under the Agreement not to associate its products "in any manner" with "DC's Products" and Superman:

The Glowing Green Brand Identity; comic book-style advertising; dissemination of press articles that associate Superman with KC; dissemination of ads and cartoons referring to Superman; use of phrases associated with Superman, such as "Men of Steel" and "Up, Up and Away," in promoting its products on its website; dissemination of a photo of KC's founder dressed in a Superman costume; adoption of "Super Villains" and masked cartoon characters reminiscent of DC Comics' comic book characters on the packaging and promotion of a line of products; instructing the designer of KC's web-site to "impart" to KC's site a "comic book style"; a newspaper article concerning KC that began with the phrase "And you thought only Superman was allergic to Kryptonite" which also included KC's address and telephone number.

Pl. Opp. Brief, 11.

I find triable issues of material fact regarding whether KC has breached the Agreement's prohibition against KC associating itself with DC Comics' characters or comic books "in any manner" thus making the breach of contract claim inappropriate for summary judgment.

In addition, as explained in section II-C in more detail, KC's use of the word "super" *331 is a clear breach which would entitle DC Comics to summary judgment on *its* breach of contract claim.

Accordingly, summary judgment is denied as to the breach of contract claim.

KC raises statute of limitations, equitable estoppel,

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and waiver arguments, all of which the Court rejects.

B. Trademark Infringement and Unfair Competition

KC next argues that it is entitled to summary judgment on DC Comics' Lanham Act claims for trademark infringement and unfair competition. The Lanham Act prohibits the use of:

any reproduction, counterfeit, copy or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

**5 15 U.S.C. § 1114(1).

In addition, the Lanham Act also protects both registered and unregistered marks against the use of:

any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which ... is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person ...

15 U.S.C. § 1125(a).

[5] For both Lanham Act claims, DC Comics must demonstrate (1) that it has a valid mark that is entitled to protection under the Act and (2) that there exists a *likelihood of confusion* that consumers will be misled or confused as to the *source* of the goods in question. *Yurman Design, Inc. v. PAJ, Inc.* 262 F.3d 101 (2d Cir.2001) at 115.

1. Ownership of valid mark

KC argues that DC Comics' use of Kryptonite does not qualify for protection under the Lanham Act because DC Comics has not used Kryptonite as a brand name or trademark to indicate the source of its goods.

KC argues that DC Comics does not own the trademark in Kryptonite because DC Comics has never *used* the mark in commerce the only evidence of use is as a story element. KC argues that Kryptonite is simply a fictitious substance that appears in the Superman story for *narrative*--not source identifying purposes. According to KC, Kryptonite is one small part of the overall *content* of a comic book story used in the story to describe a fictitious substance and enhance the story *-not* to identify or designate the source of a real product or service. KC contends that the word "kryptonite" (except as a name for KC's locks and other products) has no commercial meaning identifying the source of goods or services.

DC Comics, on the other hand, argues that it has made significant *use* of Kryptonite as a trademark on products *other than* comic products and motion picture products. For example, DC Comics argues it has used Kryptonite with merchandise such as toys, apparel, books, calendars, games, greeting cards, novelty items, and video games. In addition, DC Comics argues that it owns two trademark registrations for the use of Kryptonite on t-shirts which are incontestable (Number 1,231,983 registered 3/22/1983, and number 1,239,506 registered 5/24/1983).

***332 Analysis**

[6][7] KC has failed to establish that as a matter of law that DC Comics does not own a trademark in Kryptonite. The Second Circuit has repeatedly held that the Lanham Act protects "a broad spectrum of marks, symbols, design elements and characters which the public directly associates with the plaintiff or its product." *Warner Bros., Inc. v. Gay Toys, Inc.*, 658 F.2d 76, 78 (2d Cir.1981). It remains undisputed law of this Circuit that:

where the product sold by plaintiff is 'entertainment' in one form or another, then not only the advertising of the product but also an ingredient of the product itself can amount to a trademark protectable under § 43(a) because the *ingredient* can come to symbolize the plaintiff or its product in the public mind.

**6 *DC Comics, Inc. v. Filmmation Associates*, 486

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F.Supp. 1273, 1277 (S.D.N.Y.1980) (emphasis added).

[8] Protectable "ingredients" recognized in this circuit include the names and nicknames of entertainment characters ("bionic" man and woman), as well as their physical appearances and costumes, but not their physical abilities or personality traits. *Id.* See also, *Warner Bros. v. Gay Toys*, 658 F.2d 76, 78 (2d Cir.1981); *Universal City Studios, Inc. v. T-Shirt Gallery, Ltd.*, 634 F.Supp. 1468, 1476, n. 9 (S.D.N.Y.1986) ("[i]t is not disputed that section 43(a)'s protections 'extend to the specific ingredients of a successful T.V. series'").

In *DC Comics, Inc. v. Powers*, which is directly on point, an infringer attempted to publish a magazine under name "The Daily Planet"--the same name as the fictitious newspaper that employs Superman's alter ego, Clark Kent. There was nothing in the record that showed that DC Comics had used "The Daily Planet" on a product in the traditional trademark sense. However, the Court found that, because over time there had grown such a close association between the "The Daily Planet" and Superman, that DC Comics owned protectable rights in "The Daily Planet." 465 F.Supp. 843, 847 (S.D.N.Y.1978).

The factual record here demonstrates that DC Comics does own a valid trademark in Kryptonite. Kryptonite is an ingredient of an entertainment property (Superman) and is a protectable symbol under the Lanham Act. Kryptonite is closely associated with Superman resulting from DC Comics' 60 years of use of Kryptonite with Superman.

Here, I find that Kryptonite is an element associated with Superman entertainment products and it is thus entitled to protection. DC Comics' predecessor first introduced Kryptonite into the Superman story as part of the Superman radio program in 1943. Since that time, Kryptonite has been a staple of the Superman character and story. For example, several recurring characters created by DC Comics are based entirely around

Kryptonite: the Kryptonite Kid, the Kryptonite Man, and Metallo (a villain powered by Kryptonite). Kryptonite has regularly appeared on licensed consumer merchandise over the years and the Kryptonite mark or the appearance of Kryptonite have been used in connection with consumer products such as toys, apparel, books, calendars, greeting cards, novelty items, and video games.

As a result of broad dissemination throughout all media, the fictional element Kryptonite, including its graphic depiction, has come to be recognized as a powerful symbol, and is immediately recognized or associated with the character Superman. As such, Kryptonite also serves to identify the entertainment and other goods and services created, distributed and/or licensed by or on behalf of DC Comics. Kryptonite, its green glowing appearance, *333 and other related indicia thus represent trademarks of DC Comics.

2. Likelihood of Confusion

[9] As to the second element of trademark infringement, KC argues DC Comics cannot prove there is a likelihood of confusion as to the origin of the goods at the consumer level between DC Comics' mark and KC's mark. In analyzing the likelihood of confusion, this Court must determine whether numerous ordinary purchasers are "likely to be misled or confused as to the source of the product in question because of the entrance in the marketplace of defendant's mark." *Gruner + Jahr USA Publ'g v. Meredith Corp.*, 991 F.2d 1072, 1077 (2d Cir.1993).

**7 [10][11] The Second Circuit has set forth a set of eight factors for courts to consider in determining whether a likelihood of confusion exists: (1) the strength of DC Comics' mark; (2) the similarity of the DC Comics' mark; (3) the competitive proximity of the products; (4) the likelihood that the DC Comics will "bridge the gap" by entering KC's market; (5) actual confusion between the products; (6) good faith on KC's part; (7) the quality of KC's product; and (8) sophistication of buyers. See *Polaroid Corp. v. Polaroid Elec. Corp.*,

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287 F.2d 492, 495 (2d Cir.1961). Summary judgment in a trademark action is appropriate where the undisputed evidence would lead to only one conclusion as to whether confusion is likely. *Cadbury Beverages, Inc. v. Cott Corporation*, 73 F.3d 474, 478 (2d Cir.1996).

Analysis

[12] Summary judgment is not appropriate here because there are a number of triable issues of fact regarding likelihood of confusion. For example, KC argues that there is no actual confusion between the products. However, DC Comics argues that KC's own founder testified that he has been asked "numerous, numerous, numerous times" whether there is an association between KC and DC Comics.

Accordingly, KC's motion for summary judgment is denied as to all claims, including the trademark and unfair competition claims.

II. DC Comics' Cross-Motion for Partial Summary Judgment

DC Comics has cross moved for summary judgment on the following counterclaims: 1) rescission of the Agreement; 2) a declaration that D.C. Comics owns no trademark rights in Kryptonite; 3) breach of contract; 4) cancellation of DC Comics' trademark registrations for Kryptonite; and 5) enjoining DC Comics from using and registering the Kryptonite mark in connection with two wheeled vehicles. DC Comics also requested judgment as a matter of law that KC has breached the Agreement by using (a) "Krypt-formative" marks other than Kryptonite and Krypto Grip and (b) the term "Super."

A. Rescission of the Agreement

[13] KC's first counterclaim for rescission is based in part on DC Comics' (1) alleged authorization of third parties to use Krypt-formative marks; (2) alleged authorization of one of KC's competitors to use Kryptonite; (3) alleged licensing of elements from the Superman story for use on security devices and accessories for two-wheeled vehicles; and (4)

alleged abandonment of its trademark rights in Kryptonite.

[14] In order to obtain rescission of a "freely bargained" trademark settlement agreement such as the one at issue in this case, "a party must show that the public interest will be significantly injured if the contract is allowed to stand." *Times Mirror Magazines, Inc. v. Field & Stream Licenses Company*, 294 F.3d 383, 396 (2d Cir.2002). In *Times Mirror Magazine*, *334 the Court of Appeals went on to hold that "[s]imple fairness requires holding a party to its contract unless adhering to the contract will damage the public and not just a contracting party." *Id.* The Court defines this damage to the public interest as a threat to the "health or safety" of the public by virtue of confusion." *Id.*

**8 KC cannot show any public injury and accordingly, the Court grants summary judgment dismissing the first counter-claim regarding rescission of the Agreement.

B. A declaration that D.C. Comics owns no trademark rights in Kryptonite.

KC's second counterclaim seeks a declaration that DC Comics "enjoys no trademark rights in and to the name 'Kryptonite.'"

DC Comics argues that it *does* own trademark rights in Kryptonite in two ways:

- 1) trademark rights flow from kryptonite's appearance in Superman entertainment products;
- and 2) DC Comics owns trademark rights in *consumer products* that have included the Kryptonite trademark including toys, apparel, books, calendars, games, greeting cards, novelty items, and video games.

The Court finds that DC Comics does own trademark rights in Kryptonite. See Section B(1) *supra*.

Accordingly, I grant summary judgment dismissing the second counter-claim.

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C. Breach of Contract

KC's third counterclaim alleges that DC Comics has breached ¶ 2 of the Agreement which provides:

DC shall not in any manner use or refer to DC's Marks in any manner to falsely indicate or suggest that DC's Products are or were sponsored or affiliated with KBL or in any manner associate DC's Products with KBL or with KBL's Products or with any part thereof or authorize or permit any of its licensees to do any of the foregoing. ¶ 2.

DC agrees not to use DC's Marks on KBL's Products. ¶ 3.

[15] KC alleges that DC Comics has breached the Agreement by entering into licensing agreements with third parties. However, this is without merit for two reasons. First, the agreement between DC Comics and a third party company called Kryptonics was in 1982--before the 1983 Agreement at issue in this case was even entered into. Second, the agreement between DC Comics and a third party company called PTV was not a license, it was a settlement agreement. Therefore, the above provision (which deals with licensees) does not apply.

[16] However, I do find triable issues of fact regarding KC's claim that DC Comics has violated the Agreement by associating DC's Products with KBL's Products. Under the Agreement, DC Comics may not associate DC' Products with KBL or KBL's Products. DC Comics' Products are defined as comic magazines, comic books, motion pictures, and a general line of licensed merchandise. KBL's Products are defined as security devices and accessories and accessories for two-wheeled vehicles.

DC Comics itself admits that it licensed Superman and related indicia for various products including: bicycle bags, bicycles, scooters, tricycles, bicycle number plates, bicycle decals, bicycle directional signals, bicycle handlebar grips, bicycle streamers, training wheels, and bicycle water bottles. See Declaration of Paul Levitz, ¶ 16.

Here, there are outstanding ambiguities regarding the scope and definition of DC's Products and KBL's Products and whether DC Comics' admitted conduct violates the Agreement. Accordingly, summary judgment to defendant is denied.

***335 D. Cancellation of DC's trademark registrations for Kryptonite**

**9 [17] KC's first and fourth counter-claims allege that DC Comics has abandoned its rights in the Kryptonite trademark.

[18][19] In order to establish its claim that DC Comics has abandoned its rights in the Kryptonite trademark, KC is required to demonstrate (1) non-use by DC Comics and that (2) an intent not to resume use. *Columbia Pictures Industries, Inc. v. Screen Gems Film Co., Inc.*, 2001 WL 1254838 at *5 (S.D.N.Y. October 18, 2001) (finding that Screen Gems mark was not abandoned based upon inclusion of mark on marketing materials). When considering whether a mark has been abandoned, the court must consider the trademark owner's business to determine what constitutes use of the mark. *Stetson v. Howard D. Wolf & Assocs.*, 955 F.2d 847, 851 (2d Cir.1992).

It is undisputed that DC Comics' predecessor first introduced Kryptonite into the Superman story as part of the Superman radio program in 1943. Since that time, Kryptonite has been regularly featured in DC Comics' comic books, motion pictures, and television programs. Kryptonite has regularly appeared on licensed consumer merchandise over the years and the Kryptonite mark or the appearance of Kryptonite have been used in connection with consumer products such as toys, apparel, books, calendars, games, greeting cards, novelty items, and video games.

KC argues that these examples of Kryptonite products do not constitute "trademark use" protectable under the Lanham Act. KC argues that DC Comics uses the word Kryptonite only as a story element or character and never as a brand name or trademark to indicate the source of its goods. However, as stated above, ingredients of

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entertainment properties constitute protectable symbols under the Lanham Act.

[20] Moreover, the United States Patent and Trademark Office was fully satisfied with DC Comics' use of Kryptonite (in connection with apparel) and issued two federal registrations to DC Comics (one in March of 1983 and the other in May of 1983). Those registrations are incontestable pursuant to the Lanham Act. 15 U.S.C. § 1065. As a matter of law, defendant is statutorily precluded from challenging DC Comic's use of Kryptonite on t-shirts as not trademark use. *Park N' Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 196-97, 105 S.Ct. 658, 83 L.Ed.2d 582 (1985). The evidence is undisputed that current DC Comics licensees sells Kryptonite t-shirts. (Ex. 80 and 88).

There is no genuine issue of material fact that DC Comics has not stopped using its Kryptonite mark let alone demonstrated any intent not to resume use of the mark. As a result, KC's first and fourth counterclaims (to the extent based on abandonment) are dismissed as a matter of law.

E. KC's motion to enjoin DC Comics from using and registering the Kryptonite mark in connection with two wheeled vehicles.

[21] Defendant's fifth counterclaim requests that the Court rule that DC Comics' current trademark application to register Kryptonite for two-wheeled vehicles, namely, ride-on toys and toy vehicles would violate KC's rights in Kryptonite.

****10** The only restrictions placed upon DC Comics' use of the Kryptonite mark in the Agreement are: (1) it will not use DC's Marks on KBL's Products and (2) it will not use DC's Marks in any manner to indicate that DC's Products are sponsored by or affiliated with KBL or in any manner associate its products with KBL's Products. See Agreement ¶ 2.3. Otherwise, ***336** the Agreement provides to DC Comics the *absolute right* to use the Kryptonite the mark.

However, as explained above, I find a triable issue of fact regarding the definition of KBL Products

and DC Comics' Products. Accordingly, I deny summary judgment to KC as to this claim.

F. DC Comics' motion for Summary Judgment on Two Aspects of KC's Breach of Contract Claim

DC Comics asks for Summary Judgment on its claim that KC breached the contract by 1) using Krypt-formative marks (i.e. using stem words beyond those allowed in the Agreement) and 2) the term "Super" are in violation of the Agreement. Paragraph 1 of the Agreement prohibits KC from using "the word 'SUPER' or a SUPER formative word in the advertising, promotion, packaging or labeling" of its products. Paragraph 4 of the Agreement further prohibits KC from applying "for registration of any krypt formative marks other than" Kryptonite and Krypto Grip. KC concedes that it has used the term "Super" in violation of Agreement. KC also concedes that has used the impermissible Krypt formative marks in violation of the Agreement. KC's defenses to these breaches are without merit.

Accordingly, summary judgment is granted to DC Comics as to these portions its breach of contract claim.

Submit order on notice.

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Motions, Pleadings and Filings (Back to top)

- 1:00CV05562 (Docket)

(Jul. 26, 2000)

END OF DOCUMENT

Exhibit E

TTAB

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

SCHLAGE LOCK COMPANY,

Opposer,

v.

Opposition No. _____

ALTO PRODUCTS, CORP.,

Applicant.

NOTICE OF OPPOSITION

In the matter of Trademark Application Serial No. 76/493,797 in the name of Alto Products, Corp., an Alabama corporation at, upon information and belief, P.O. Box 1088, Altmore, California 36504 ("Applicant"), on the Principal Register, filed on February 24, 2003, and published for opposition in the Trademark Official Gazette of February 10, 2004, for the mark KRYPTONITE ("Applicant's Mark"), Schlage Lock Company, a California corporation, doing business at 1915 Jamboree Drive, Colorado Springs, Colorado 80920 believes that it is, or will be, damaged by registration of the mark shown therein and hereby opposes the same.

The grounds for this opposition are as follows:

1. Opposer has used the trademark and trade name KRYPTONITE in connection with the manufacturing, marketing, sale and distribution of branded locks, various security devices and various accessories for the bicycle, motorcycle, motorsport, automobile, computer, and sporting goods markets since long prior to Applicant's filing date.
2. Since as early as May, 1972, Opposer has used KRYPTONITE as a trademark and trade name, and such use has been ongoing and continuous.

3. Opposer owns the following marks and United States trademark registrations, among others, for the KRYPTONITE mark:

<u>Mark</u>	<u>Reg. No.</u>	<u>Reg. Date</u>
*KRYPTONITE	1,002,571	January 28, 1975
*BIKELock KRYPTONITE	1,253,568	October 11, 1983
*KRYPTONITE-5	1,352,416	August 6, 1985
*KRYPTONITE	2,244,791	May 11, 1992
KRYPTONITE	2,269,238	August 10, 1999
KRYPTONITE	2,350,478	May 16, 2000

Opposer also owns a number of marks and United States trademark registrations, among others, for "KRYPTO" marks:

<u>Mark</u>	<u>Reg. No.</u>	<u>Reg. Date</u>
*KRYPTO LOK	1,416,395	November 11, 1986
*KRYPTO-CABLE	1,464,275	November 10, 1987
*KRYPTOFLEX	2,003,582	September 24, 1996
KRYPTOKOIL	2,247,281	May 25, 1999
KRYPTOVAULT	2,254,953	June 22, 1999
KRYPTO DISCO	2,330,279	March 14, 2000
KRYPTO	2,332,840	March 21, 2000

4. Opposer's above-listed asterisked registrations constitute conclusive evidence, and the remainder constitute *prima facie* evidence, of the validity of the registered marks and of the registrations thereof, Opposer's ownership of the marks shown in said registrations and Opposer's exclusive right to use the marks in commerce in connection with the goods and services recited therein and related goods and services. Said registrations also constitute notice to Applicant of Opposer's claim of ownership of the marks shown in such registrations.

5. For over twenty-five (25) years, Opposer has been manufacturing and selling widely-publicized consumer products under the KRYPTONITE brand name.

6. Opposer's original design for the U-Lock revolutionized the bicycle security industry. Upon information and belief, virtually every lock of the U-shaped variety on the

market today was inspired by Opposer's original design, and approximately 1 out of every 2 bicycle locks sold in the United States are KRYPTONITE brand locks.

7. KRYPTONITE branded products have received considerable attention in the national media, including publications having a national circulation such as *People*, *The New York Times*, *Playboy* and *USA Today*. The high quality of Opposer's products and the KRYPTONITE success story have been featured or mentioned on television shows such as *CNBC's Money Tonight*, *CBS This Morning*, *60 Minute* and *Dateline NBC*, which had a viewing audience of approximately 13.4 million households on the date the KRYPTONITE segment aired (September 30, 1997). Such media coverage has heightened consumer awareness about bicycle security and brought attention to an otherwise non-glamorous consumer products category.

8. In 1984, a KRYPTONITE brand lock was added to the permanent design collection of the Museum of Modern Art in New York City. In 1986, The National Academy of Television Arts & Sciences awarded Opposer its "Outstanding Commercial Announcement" Award. A 1987 *Cycles Peugeot* study named KRYPTONITE the foremost bicycle accessory brand name among consumers worldwide. In 1988, Opposer was the only bicycle accessory company in history to win Japan's coveted "Good Design" Prize for a KRYPTONITE brand lock design, which also captured Germany's Museum of Utilitarian Art Award that same year. The U.S. Secretary for Commerce issued Opposer the President's "E" Award in 1992 in recognition of the company's outstanding contribution to the United States export expansion program. Opposer also received Ernst & Young's "1999 Entrepreneur of the Year" Award for Consumer Products.

9. Opposer has sold its branded locks, various security devices and accessories for the bicycle, motorcycle, motorsports, automobile, sporting goods, hardware, computer and mass

markets throughout the United States under the KRYPTONITE trademark or in connection with the same trade name. Opposer is well and favorably known throughout the United States and has built up a valuable reputation and goodwill in the KRYPTONITE trademark and trade name with consumers and the trade, including the automotive trade.

10. The widespread recognition, fame and goodwill associated with the name and mark KRYPTONITE are the result of Opposer's continuous marketing efforts, the expenditure of considerable amounts of money for advertising and promotional activities and the high quality of Opposer's products.

11. There is no issue as to priority and Applicant filed its application after Opposer's mark acquired fame.

12. KRYPTONITE is a strong, arbitrary, famous trademark of Opposer.

13. Applicant seeks to register KRYPTONITE for "automotive parts, namely anti-friction materials used on clutch plates sold through wholesalers to automotive professionals for their use in automotive repair, where the mark is not seen by the ultimate consumer" in International Class 12. Application Serial No. 76/493,797 was filed by Applicant on February 24, 2003, under Section 1(a) of the Trademark Act, with an alleged first use date of September 1, 2001.

14. Applicant's mark KRYPTONITE and Opposer's KRYPTONITE marks and name are identical in appearance and sound and create the same commercial impression. Applicant's KRYPTONITE mark generates a mental impression of strength, which is the very impression created by Opposer's marks as used in connection with Opposer's locks and other products.

15. Applicant's mark KRYPTONITE is confusingly similar to Opposer's KRYPTONITE marks and name. Use and/or registration of Applicant's mark will be likely to cause confusion, to cause mistake and to deceive as to the source of goods and services on and in

connection with which Applicant uses the mark and to induce purchasers to believe that the goods and services of Applicant emanate from Opposer or are endorsed by the Opposer or are in some way connected with Opposer:

16. Applicant's registration of the mark KRYPTONITE, if granted, will lessen the capacity of KRYPTONITE to identify and distinguish Opposer's goods and therefore will dilute Opposer's famous KRYPTONITE marks and name, and the presence of Applicant's application on the register actually dilutes Opposer's rights in Opposer's marks. Additionally, said registration, if granted, will be considered at least *prima facie* evidence of Applicant's exclusive right to use the KRYPTONITE mark, a further source of damage to Opposer.

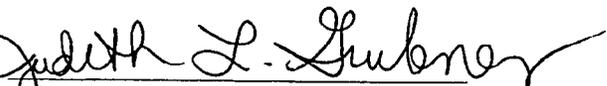
17. Applicant does not have Opposer's consent to use or register Applicant's Mark.

WHEREFORE, Opposer requests that the opposition be sustained and that the registration sought by Applicant be refused.

Enclosed herewith is a check in the amount of \$300.00 in payment of the requisite fee. Please charge any underpayment or credit any overpayment to Deposit Account No. 13-3080. This document is being submitted in triplicate.

Dated this 10th day of March, 2004.

Respectfully submitted,
SCHLAGE LOCK COMPANY

By: 

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CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the United States Postal Service as first-class mail in an envelope addressed to the Commissioner for Trademarks, 2900 Crystal Drive, Arlington, Virginia 22202-3514, Attention: Box TTAB NO FEE on March 10, 2004.



Catherine Case

Date: March 10, 2004

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Exhibit F

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

DC COMICS,)
)
 Plaintiff,)
)
 - against -)
)
 KRYPTONITE CORPORATION,)
)
 Defendant.)
)

DISTRICT COURT SDNY

100-1374

00 Civ. 5562 (AGS)

**PLAINTIFF'S MEMORANDUM OF LAW IN OPPOSITION TO
DEFENDANT'S MOTION FOR SUMMARY JUDGMENT**

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Plaintiff DC Comics ("DC" or "DC Comics") respectfully submits this memorandum of law in opposition to Defendant's ("Defendant") motion for summary judgment.

PRELIMINARY STATEMENT

In this suit brought to enforce a nearly 20-year old settlement agreement, Defendant moves for summary judgment on all claims. Tellingly, Defendant does not deny many of the alleged breaches, but instead brazenly admits them and argues they should be excused. The sum total of Defendant's position is to decimate a trademark settlement agreement freely entered into by the parties.

Moreover, seeking to avoid a trial in which the Court will hear the overwhelming evidence of the parties' clear intent in entering into the agreement, Defendant repeats like a mantra that its forced, after the fact attempt to read in greatly expanded rights is supported by the agreement's so called unambiguous language. Defendant's position is not only disingenuous, but fails in light of the facts in dispute and the governing law.

STATEMENT OF FACTS

DC Comics' Business

DC is in the business of publishing comic books and magazines featuring fictional characters, and of developing those characters with a broad spectrum of entertainment and consumer products. DC's most valuable assets are its characters and stories and its entire business is built around nurturing and developing them. (Levitz Decl. ¶¶ 3-4), Ex. 1.)

Preeminent among DC's entertainment properties is the world-famous character Superman. (Levitz Decl. ¶ 5.) Because of the importance of Superman, DC focuses a great deal of its resources, care, and effort in developing the Superman character and related indicia and in keeping the character fresh and current. (Levitz Decl. ¶¶ 5-7.) For example, DC currently employs over 1,000 writers, artists, and editors whose responsibilities include continuing to devise new iterations of Superman and new directions for the myth to take that will at once reinvigorate the character while maintaining the character's traditional integrity and value. (Levitz Decl. ¶ 5.) DC and its talented personnel painstakingly plan story lines, draw and re-draw the art, and revise each new iteration of Superman until they get it right. (Levitz Decl. ¶ 6.) DC's constant effort in improving and revising Superman has given Superman longevity rare among comic book characters. (*Id.*)

One of the most prominent symbols associated with Superman is Kryptonite, the mythic

“ghastly green substance” that is “the one substance that . . . can overpower the Man of Steel.” (Levitz Decl. ¶ 30 & Ex. 8.) Kryptonite is a term invented by DC which first introduced it in 1943, through the Superman radio program. (Levitz Decl. ¶ 29, Exh. 7.) Since that time, DC has created for Kryptonite a key role in the Superman myth. (Levitz Decl. ¶¶ 29-49, Ex. 7-24.)

Kryptonite has been featured on countless comic book covers, in four major motion pictures, and in numerous animated and live-action Superman television series. (*Id.*) Virtually everyone knows about Superman and the effect that Kryptonite has on him. (Ex. 51.) That Superman (and Kryptonite’s effect on him) have achieved a level of recognition approaching American legend is no accident, but rather is due to DC’s painstaking and ingenious creative and marketing efforts over the last 60 years.

Defendant’s Appropriation Of The Kryptonite Mark.

DC Comics first discovered Defendant’s predecessor, the KBL Corporation (which was short for Kryptonite Bike Lock, hereinafter “KBL”) was using the KRYPTONITE trademark in connection with the sale of bicycle locks in December 1976. (Katz Decl. ¶ 4.) Defendant’s predecessor adopted the Kryptonite mark as a reference to Superman and in order to convey that “not even Superman would be able to defeat Kryptonite locks.” (Ex. 44 at KC010825.)

DC Comics objected and KBL’s counsel responded by questioning whether DC owned any trademark rights in Kryptonite, but invited a dialogue concerning settlement and, in particular, KBL licensing the mark from DC Comics. (Katz Decl. ¶ 5; Ex. 26.)

DC and KBL engaged in negotiations from 1977 through 1982, attempting to settle by KBL assigning its rights in Kryptonite to DC in exchange for a license back. By 1982 this approach had failed and counsel for KBL made the following new proposal: (a) outside the United States KBL would assign to DC Comics all foreign trademark applications and registrations in exchange for an exclusive, royalty free license to use the mark in those countries **“on locks, bicycle locks and related bicycle products”** but would not be required to mark the goods as licensed by DC Comics; and (b) within the United States, KBL would retain its U.S. Registration for the mark KRYPTONITE and would agree **“not to use the mark on products outside of the line of products to which the mark [was then] applied by KBL”** and KBL would refrain from using any derivatives of Kryptonite on its products. (Katz Decl. ¶ 6; Ex. 27, emphasis added.)

DC drafted an agreement that defined the **“line of products to which the mark [was**

then] applied by KBL” as “bicycle accessory items such as locking mechanisms and flexible grips for handlebars.” The definition was derived from KBL’s then existing trademark registrations, a list of which were included as “Schedule A” to the draft. (Katz Decl. ¶ 10; Ex. 30.)

On December 20, 1982, KBL’s counsel sent a revised draft of the agreement. In his cover letter, KBL’s counsel stated that KBL’s “version is identical to yours except for a change in the identification of KBL’s products. **However, we have been very conservative in providing proper scope to KBL’s Products** and trust that you will favorably consider this change.” (Katz Decl. ¶ 12; Ex. 32, emphasis added.) KBL’s revised draft replaced DC’s language “bicycle accessory items such as locking mechanisms, and flexible grips for handlebars,” with “(1) security devices and accessories therefor, without limitation, such as mechanical and electronic locking means and accessories therefor, and (2) accessories primarily for two wheeled vehicles such as handle bar grips.” (*Id.*) The new language was chosen to mirror the description of KBL’s products in a trademark application to be filed in Australia (the “Australian Application”). (Katz Decl. ¶ 14.) KBL’s counsel expressly confirmed that the new language was not intended to broaden the scope of KBL’s permitted goods but was merely to accommodate the Australian Application language. (*Id.*)

By February 1, 1983, the settlement agreement was executed (hereinafter the “1983 Agreement” or the “Agreement”). The 1983 Agreement prohibits KBL (and now Defendant) from: (1) using the mark Kryptonite with goods other than with its defined products; (2) expanding its use of KRYPTONITE to “other products”; (3) “in any manner” indicating or suggesting that its products are associated with Superman or with DC’s products, which expressly include comic books; (4) using the Super or Super formative words in any advertising, promotion, packaging or labeling; and (5) using or registering any KRYPT-formative marks (besides Kryptonite and Krypto Grip). (1983 Agreement, Exh. 47 at 1-2).

For many, many years after the 1983 Agreement was entered into, Defendant continued, with little deviation, to sell only the products it had always sold. (Ex. 48, No. 2.) However, in the late 1990’s, Defendant evidenced an intention to expand its product line, progressively at first with such products as locks for snowboards and portable computers, and then later more radically to such things as computer software, digital signatures, motorcycle and bicycle apparel, door knobs, and barbed wire. (*Id.*; Def. 56.1 Statement ¶ 32.)

The Current Dispute Between The Parties

On May 10, 1999, DC sent a letter to Defendant concerning its violations of the 1983 Agreement, including the inclusion on Defendant's web site of characters (labeled "supervillains") depicted in comic book style art, Defendant's reference on the web site to its founders as "Men of Steel," (a derivation of DC's trademark "Man of Steel" that refers to Superman), Defendant's use on the web site of a caption stating "Up, Up and Away," also an indicia of origin related to Superman, as well as concerning certain of Defendant's trademark applications that sought to use the Kryptonite mark well-beyond the parameters of the 1983 Agreement. (Kogan Decl. ¶ 3; Ex 34.)

Subsequently, Defendant modified its web site and removed the references. (Kogan Decl. ¶ 3; Ex 35.) The parties also began to discuss settling their remaining disputes and for several months, DC asked for, and waited for, a settlement proposal from Defendant. DC Comics later found out that, during the time it was waiting for a response from Defendant, Defendant was in the process of rolling out its most comprehensive change of brand identity that would be centered around a green letter "K" superimposed over a planet-like orb with a fluorescent, glowing green color dominating the logo and packaging (hereinafter the "Glowing Green Brand Identity"). During discovery, DC Comics uncovered that while the Glowing Green Brand Identity was being phased in, Defendant specifically told its web site designers not to include the new identity on the web site. Defendant was aware the DC was monitoring Defendant's web site and it did not want to adversely affect settlement negotiations with DC. (Ex 36.)

When the settlement discussions failed, DC instituted this action.

ARGUMENT

I. LEGAL STANDARD

Summary judgment is appropriate only where the parties' submissions "show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). The burden lies with the moving party to demonstrate the absence of any genuine issue of material fact, and all inferences and ambiguities are to be resolved in favor of the nonmoving party. *Rhythm & Hues, Inc. v. Terminal Marketing Co.*, 2002 WL 1343759 at *4 (S.D.N.Y. June 19, 2002).

II. SUMMARY JUDGMENT IS INAPPROPRIATE AS TO DEFENDANT'S "PERVERSIVE" USES OF KRYPT FORMATIVE MARKS BECAUSE DEFENDANT'S DEFENSES ARE DEFICIENT AS A MATTER OF LAW.

There is no factual dispute that: (1) paragraph 4 of the 1983 Agreement expressly prohibits Defendant from using or applying to register any KRYPT formative marks other than KRYPTONITE and KRYPTO GRIP and (2) in violation of the Agreement, Defendant has made use of the following KRYPT-formative marks during the following periods: KRYPTOLOK (1986-2001); KRYPTO CABLE (1992-2001); KRYPTO COMBO (2000-2001); KRYPTOFLEX (1994-2001); KRYPTOZIP (1996-1997); KRYPTKEEPER (1997-2001); KRYPTO-DISCO (1995-2000); KRYPTOSTEEL (1997-2001); KRYPTOCHAIN & PADLOCK (2000-2001); KRYPTOGUARD (2000-2001); KRYPTOVAULT (1996-2001). (Ex. 48, No. 2.) Defendant's position that DC's claims are barred by the statute of limitations and by the equitable doctrines of waiver and equitable estoppel are legally flawed.

A. The Statute Of Limitations Defense Does Not Apply As A Matter Of Law To Defendant's Continuing Obligation Under The Agreement Not To Use KRYPT- Formative Marks.

Defendant does not dispute having used many different Krypt-formative marks in violation of the 1983 Agreement. Rather, Defendant claims that its breach as to three of these, KRYPTO-LOK, KRYPTO-CABLE, and KRYPTONIUM, are not actionable because it began using those four marks before July 1994, the Statute of Limitations cut off. (Def. Mem. at 2.).¹ Defendant's statute of limitations argument ignores the continuing nature of its obligations and thus of its breaches.

"It is well settled that claims for . . . breaches of a contract calling for a continuing performance . . . accrue as they become due." *Liebowitz v. Elsevier Science Ltd.*, 927 F. Supp. 688, 706, n.32 (S.D.N.Y. 1996) (citing 4 Arthur Linton Corbin, *Corbin on Contracts* §§ 949, 951 & 956 (1951); *see also, Lippe v. The Genlyte Group, Inc.*, 2002 WL 531010 at *4 (S.D.N.Y. April 8, 2002) (defendant's continuing failure to comply with contract provision held to be a "separate continuing breach" and action not barred by the statute of limitations).

The prohibition against use of KRYPT-formative marks imposed by the 1983 Agreement is continuing in nature. Thus each day that the proscribed marks are used constitutes a "separate continuing breach" of the Agreement. Since Defendant continues to use prohibited Krypt-

¹ According to Defendant's own interrogatory response, it has never used KRYPTONIUM. (Ex. 48, No. 2.)

formative marks, DC's claim as to each mark is not barred by the statute of limitations.

Defendant has no possible statute of limitations defense as to the KRYPT-formative marks introduced after July 1994. Each new mark is a new breach of the 1983 Agreement. Defendant's attempt to morph its earlier breaches into the later ones is like arguing that if it "gets away" with associating its products with Superman one time more than 6 years ago, Defendant would now be free to associate its goods with Superman at will. This is not the law. Defendant seeks to parlay its unilateral breaches into a modification of the 1983 Agreement. However, it is black letter law that any modification to the Agreement must be supported by consideration. *Estate of Anglin v. Estate of Kelley*, 705 N.Y.S. 2d 769, 772 (4th Dep't. 2000). Defendant has presented no evidence of consideration for the modification it now seeks.

B. Defendant's Equitable Defenses Are Similarly Without Merit.

Defendant invokes defenses of equitable estoppel and waiver as defenses to its clear and obvious breaches of the contractual prohibition against its use of Krypt-formative marks. As set forth below, the defenses are legally deficient and, even if they were not, there are genuine issues of material fact in dispute as to the elements of those defenses.

1. Defendant's Equitable Estoppel Defense Has Been Waived As A Matter Of Law.

The defense of estoppel is an affirmative defense that Defendant was required to plead in its Answer. Fed. R. Civ. P. 8(c). Defendant failed to plead the defense. (Answer & Counterclaims.) As a result, the defense is waived and must be excluded from the case. *United States v. Continental Illinois National Bank and Trust Co.*, 889 F.2d 1248, 1253 (2d Cir. 1989); (Answer and Counterclaims).

2. Because The Statute Of Limitations Has Not Run On Defendant's Breaches, Defendant's Equitable Defenses Are Not Available.

Where a statute of limitations governs a particular claim, an equitable defense cannot bar the plaintiff's claim based upon inaction when the statute has not run. *See In re Caldor, Inc. v. S. Plaza Associates, L.P.*, 217 B.R. 121, 134 (Bankr. S.D.N.Y. 1998), *see also, Ikelionwu v. United States*, 150 F. 3d 233, 237 (2d Cir. 1998). Indeed, "[a]n action for an equitable remedy to enforce a legal right is not barred by inaction until the legal remedy is barred by the statute of limitations." *International Ass'n. of Machinists and Aerospace Workers*, 545 N.Y.S. 2d 638, 643 (Sup. Ct. 1989) (citing *Galway v. Metropolitan Elevated Railway Co.*, 28 N.E. 479 (N.Y. 1891).

As established above, the statute of limitations has not run on DC's claims concerning Defendant's use of Krypt-formative marks. Taking Defendant's factual assertions as true, the entire equitable defense is premised on DC Comics' inaction. As a matter of law, such inaction cannot support Defendant's equitable defenses since the statute of limitations has not run on the contract claim.

3. Defendant's Claim For Waiver Fails As A Matter Of Law.

A waiver of a contractual condition is "not legally presumed" under New York law. Rather, "the intent to waive must be unmistakably manifested, and is not to be inferred from a doubtful or equivocal act." *Estate of Anglin v. Estate of Kelley*, 705 N.Y.S. 2d 769, 772 (App. Div. 2000); *see also United States Fid. & Guar. Co. v. Treadwell Corp.*, 58 F. Supp. 2d 77, 90 (S.D.N.Y. 1999). Again, taking all of Defendant's alleged facts as true, Defendant's waiver claim hinges entirely upon "inaction" by DC Comics. Defendant has failed to allege any "unmistakabl[e] manifest[ation]" by DC Comics to waive the prohibition against Defendant's use of Krypt-formative marks. As a result, the waiver claim is legally deficient.

4. Defendant's Equitable Defenses Should Also Be Rejected As A Matter Of Law Based On the Second Circuit's Well-Stated Policy Favoring Trademark Settlement Agreements.

It is the well-settled law in the Second Circuit that "courts considering negotiated agreements governing mark use accord them greater deference than they give to the equitable defenses of laches and acquiescence." *Times Mirror Magazines, Inc. v. Field & Stream Licenses Co.*, 294 F.3d 383, 395 (2d Cir. 2002). Public policy and "simple fairness" dictate that parties to a trademark coexistence agreement should be held to the terms of that agreement, unless "adhering to the contract will damage the public, and not just a contracting party." *Id.*, at 396. Defendant has presented no evidence that the public will be damaged if Defendant is required to abide by the 1983 Agreement. Thus, Defendant's defenses should also be rejected on this ground.

5. Defendant's Unclean Hands In Connection With The Krypt-formative Marks Bars Defendant's Equitable Defenses As A Matter Of Law And, At Very Least Creates Fact Issues.

A party "who comes into equity must come with clean hands" if relief is to be granted." *Gidatex, S.r.L. v. Campaniello Imports Ltd.*, 82 F. Supp. 2d 126, 130 (S.D.N.Y. 1999) (internal quotations omitted); *see also Cohen v. Katz*, 662 N.Y.S.2d 40 (1st Dep't 1997). Unclean hands

bar the equitable defense “where the party applying for such relief is guilty of conduct involving fraud, deceit, unconscionability, or bad faith related to the matter at issue to the detriment of the other party.” *Id.* at 131 (emphasis deleted.) Here, the very acts upon which Defendant seeks to rely for its defense, use and registration of four KRYPT-formative marks, violate the 1983 Agreement and represent “bad faith.” (Agreement ¶ 4.)

Similarly, the trademark registrations upon which Defendant seeks to rely were obtained fraudulently since in each application, Defendant’s President, Peter Zane, failed to apprise the U.S. Patent and Trademark Office that Defendant was contractually barred from using the mark at issue. Moreover, in many of the applications, Mr. Zane swore under penalty of perjury that he “believe[d Defendant] to be entitled to use such mark in commerce.” (Ex. 54.) At deposition, Mr. Zane admitted that the KRYPT-formative applications were inconsistent with Defendant’s obligations under the 1983 Agreement. (P. Zane Dep. at 206-219.)

6. Even If Defendant’s Equitable Defenses Are Not Barred As A Matter Of Law, Defendant Has Failed To Allege Facts To Satisfy All Elements Of The Defense And The Facts It Does Allege Are Disputed.

In order to establish a defense of equitable estoppel, Defendant must demonstrate that DC Comics: “(1) engaged in conduct which amounts to a false representation or concealment of material facts; (2) intended that such conduct would be acted upon by the other party; and (3) knew the real facts.” *Readco, Inc. v. Maine Midland Bank*, 81 F.3d 295, 302 (2d Cir. 1996). In addition, “the party alleging the estoppel must... show with respect to himself: (1) lack of knowledge of the above facts; (2) reliance upon the conduct of the party; and (3) a prejudicial change in his position.” *Id.* Defendant has failed to allege any facts concerning some of these elements, thus barring the defense as a matter of law. Moreover, the facts that Defendant has alleged are disputed, making summary judgment inappropriate.

As to the elements relating to DC’s behavior, Defendant has presented no evidence on the first two elements – *i.e.*, any conduct on the part of DC that amounts to “false representation or concealment of material facts” or any intention that DC’s conduct would be acted upon by Defendant. As a result, even taking all of Defendant’s factual allegations as true, Defendant’s claims fail as a matter of law.

Defendant argues, without evidence, that DC knew the “real facts” *i.e.*, that Defendant

was using Krypt-formative marks in violation of the Agreement.² (Def. Mem. at 3-5.) However, Defendant has presented no evidence that anyone at DC actually knew about Defendant's Krypt-formative marks. Defendant twists the testimony of Cindy Nelson out of context. She actually testified that she did not remember having seen Defendant's Krypt-formative applications and that the watching system is not perfect. (Nelson Dep. at 22:18-23; 33:13-21; 34:10-21; 41:10-43:20.) There is simply no evidence that anyone at DC actually knew about Defendant's breaches. Rather, the very factual record upon which Defendant relies demonstrates a factual dispute on this issue.

Defendant also argues that DC should have known about Defendant's breaches because of Defendant's trademark applications and because of the alleged "pervasive" sale of Defendant's products. (Def. Mem. at 3-5.) However, Defendant has presented no case that applies a "should have known" standard to equitable defenses to a contract claim. Defendant's attempt to rely on the constructive notice provision of the Lanham Act is legally flawed. Defendant has provided no legal support for its argument that the constructive notice provision of the Lanham Act can substitute for New York law's requirement that a plaintiff have actual knowledge of a contract breach for it to be equitably estopped from bringing the claim.³

Just as it cannot establish the elements of DC's behavior for its equitable defenses, Defendant cannot establish beyond factual dispute, the elements concerning its own behavior. First, Defendant cannot claim that it lacked knowledge of the true facts. Defendant knew that it had entered into the 1983 Agreement which expressly prohibited it from using KRYPT-formative marks. Moreover, Peter Zane testified at deposition that, when he filed his Krypt-formative marks in violation of the 1983 Agreement, he did not know whether DC knew about it and no one at Defendant ever asked DC whether it objected. (P. Zane Dep. 125:1-18; 206-219.)

Defendant's belated claim that it relied upon DC's inaction is rebutted by the same testimony. Obviously, Defendant could not have relied on DC's "inaction" when it did not know whether DC even knew about the breach.

² Even if this were true, which it is not, because Defendant cannot establish any of the remaining elements, the defense fails.

³ The only case citation provided by Defendant, *Chandon Champagne Corp. v. San Marino Wine Corp.*, 335 F.2d 531 (2d Cir. 1964) is inapposite in that it applies the constructive notice provision to a defense of laches (not asserted by Defendant on this motion) to an unfair competition claim and not a contract claim.

C. Defendant's Reliance Upon Incontestable Trademark Registrations Is Misplaced As A Matter Of Law.

Defendant seeks to circumvent its breaches by claiming that some of the KRYPT-formative trademark registrations have become "incontestable" under the Lanham Act. (Def. Mem. at 2.) While some of the registrations have become incontestable, the Court is still empowered to enforce the 1983 Agreement.

First, 15 U.S.C. §1119 empowers the Court to order cancellations of registrations without limitation. Second, an actual petition for cancellation can be granted if the mark has been abandoned or if the registration was obtained fraudulently. If the Court enjoins Defendant from using the KRYPT-formative marks, such marks would be abandoned as a matter of law. Moreover, because Defendant's KRYPT-formative applications were obtained based upon perjurious statements by Defendant, such registrations were obtained fraudulently.

III. DEFENDANT'S ATTEMPTS TO EXCUSE ITS MANY PURPOSEFUL ACTS ASSOCIATING ITS GOODS WITH SUPERMAN ARE WITHOUT MERIT.

A. There Are Genuine Issues Of Material Fact As To Whether Defendant Has Breached The 1983 Agreement's Prohibition Against Defendant Associating Itself With DC Comics' Characters Or With Comic Books "In Any Manner."

Defendant claims that the 1983 Agreement "only prohibits [Defendant] from using certain enumerated characters . . ." (Def. Mem. at 10.) This is demonstrably false. The Agreement actually provides:

KBL shall not in any manner indicate or suggest that KBL's Products are or were sponsored by or affiliated with DC, or in any manner associate KBL's Products with DC's Products or with DC's marks KRYPTON, KRYPTO THE SUPERDOG, IT'S TERRIFIC, IT'S FANTASTIC, IT'S KRYPTONASTIC and THE WORLD OF KRYPTON. In particular and without limitations KBL shall not associate KBL Products with the SUPERMAN, SUPERBOY, SUPERGIRL, SUPERKIDS, SUPER JR, and KRYPTO THE SUPERDOG character, word mark and device mark

1983 Agreement, ¶ 1 (emphasis added).

Thus, Defendant is precluded not only from using certain of DC's characters, but also from associating "in any manner" its products with Superman and with "DC's Products" which are expressly defined, in part, as comic books. (Agreement at 1-2.) Indeed, Defendant's own founder, Michael Zane, testified that he understood the 1983 Agreement to prohibit "anything that would connote Superman" and the use of "characters that appear near comic strip

characters.” (M. Zane Dep. at 85:11-86:5.)

There is significant evidence that since it entered into the 1983 Agreement, Defendant has repeatedly associated its products and its company with Superman or with DC Comics’ products, creating an issue of material fact making this claim inappropriate for summary judgment. The evidence of the breaches includes: The Glowing Green Brand Identity (Ex. 55); comic book-style advertising (Ex. 56); dissemination of press articles that associate Superman with Defendant⁴ (Ex. 57); dissemination of ads and cartoons referring to Superman (Ex. 57); Defendant’s use of phrases associated with Superman, such as “Men of Steel” and “Up, Up and Away,” in promoting its products on its website (Kogan Decl. ¶ 3; Ex. 34); dissemination of a photograph of Defendant’s founder Michael Zane dressed in a “Superman” costume (Ex. 58); press releases making reference to the Superman property (Ex. 57); adoption of “Super Villains” and masked cartoon characters reminiscent of plaintiff’s comic book characters on the packaging and promotion of a line of products (Ex. 61); and instructing the designer of Defendant’s website to “impart” to Defendant’s site a “comic book style” (Ex. 62).

Moreover, in spring 1994, over 100 newspapers ran an article concerning Defendant that began with the identical phrase “And you thought only Superman was allergic to Kryptonite,” and included Defendant’s address and telephone number, plainly indicating such language was picked up from a press release of Defendant. (Ex. 59.) Michael Zane himself is credited as authoring a publicity which said, “when your product is designed to be stronger than steel, it’s hard to believe your business still might need Superman.” (Ex. 60.)

These actions all violate Defendant’s duty not to associate its products “in any manner” with “DC’s Products” and Superman. In light of the undisputed connection that the word Kryptonite has with Superman, the addition of comic book elements to Defendant’s products and advertising was certain to reinforce the association between Defendant’s products and Superman, in violation of the 1983 Agreement.

The same is true of Defendant’s choice of the Glowing Green Brand Identity. Virtually everyone knows about Superman and the effect that Kryptonite, a glowing green substance from

⁴ Notwithstanding the purported low number of articles linking Defendant and Superman, it is precisely those articles that Defendant featured on its web site and disseminated to the public. (Ex. 57.) Similarly, Defendant’s claim that it has a “fair use” right to disseminate press references associating Defendant’s product with Superman is without merit. (Def. Mem. at 10-11.) Defendant is absolutely prohibited under the 1983 Agreement from associating itself with Superman. While Defendant may not be able to control what the press writes about it, it is undisputed that it has absolute control over the materials it uses to promote its company. (M. Zane Dep. at 112:18-113:10.)

Superman's home planet of Krypton, has on him. (Ex. 51.) Defendant itself knew this when it chose its new trade dress. (Ex. 67 Admission 167.) Moreover, Defendant knew that its use of the Glowing Green Brand Identity would associate Defendant's product with Superman.

Defendant's own former Director of Marketing Communications, Melissa Zaniboni's first reaction to the Glowing Green Brand Identity was to raise a question about a potential conflict with DC because Defendant was "always very careful about what [it does] with relation to [Defendant's] Superman references." (*Id.* at 66:17 – 67:1.) In other words, Defendant saw the Glowing Green Brand identity as a "Superman reference[]." At Defendant's internal meetings, concern was expressed that the Glowing Green Brand Identity could create a problem with DC Comics. (Zaniboni Dep. at 64:15 – 66:10.)

In the *Brand Marketing* article of November, 1999 about Defendant's new Glowing Green Brand Identity, the reporter immediately seized upon the connection between Superman and glowing green Kryptonite. (Ex. 63) Defendant's own President was quoted as saying that the brand identity was a reference to the high degree of recognition between Superman and Kryptonite and was an attempt to "have fun with the name." (*Id.*)

Defendant also hired designers to completely redesign its web site, the whole point of which was to highlight Defendant's new Glowing Green Brand Identity. (Holter Dep. at 36:13-17.) In an e-mail dated December 3, 1999, defendant's Director of Brand Marketing, Karen Rizzo, wrote to the outside web designers "[w]e have been given the okay by our attorney to go ahead and animate our glowing K. *It may cause us a bit of trouble with DC Comics, but we'll cross that bridge if we get to it.*" (Ex. 64, emphasis added.)

Later, notwithstanding the fact that the entire point of the new web design was to highlight the new Glowing Green Brand Identity, neither the new Glowing Green, nor the new Glowing Green K logo were put up on the web site. According to Defendant's outside designer, that was because of a concern with a dispute with DC Comics. (Holter Dep. at 32:11-33:1.) Karen Rizzo testified that the Glowing Green K was not included on the web site because of the fear of litigation with DC Comics and because Defendant "didn't want to do anything that could be a problem for [it]." (Rizzo Dep. at 177:14-20.) In an e-mail to Karen Rizzo, Defendant's outside designer indicated that the new design would "take[] care of any DC Comics potential problems..." (Ex. 65.) When asked what it was about the prior version of the web page that could create a potential problem with DC Comics, Ms. Rizzo testified that it "had green on it."

(Rizzo Dep. at 191:22-192:3.)

Defendant knew as early as 1996 of the strong connection between glowing green Kryptonite and Superman. In a press release produced from Defendant's files it states, "For those of you who equate Kryptonite with the horrifying fluorescent green rock that drained Superman of his powers, you're on the right track to understanding exactly who the Kryptonite Corporation is." (Ex. 66.)

Defendant has argued that it chose the color green for its brand identity, not to associate its products with Superman's Kryptonite, but only because its customers prefer green packaging, and because none of Defendant's competitors use green in connection with their products. (Ex. 67, Nos. 166 & 167.) Both of these assertions are false. (Rizzo Dep. at 112:15-115:7; Ex. 68.) What is more, the plausibility of Defendant's "explanation" evaporates by virtue of the fact that around the same time Defendant launched its Glowing Green trade dress, it also launched its campaign of comic book ads, it marketed a product called "Super Villains" that bore comic book art, and it redesigned its web site, instructing the designer to impart a "comic book feel." (Ex. 61 & 64.)

However, even if Defendant's purported rationales for selecting the Glowing Green Brand Identity were true, so what? It is still undisputed that Defendant knew there is a strong association between the combination of the term Kryptonite and the color green with Superman. (Rizzo Dep. at 191:10-192:3; 187:6-188:15; 199:17-200:4; 203:5-19, Zaniboni Dep. at 64:15-66:10; 66:17-67:1, Ex. 64, 66; Ex. 67 No. 167.)

What is more, Defendant took no steps to ensure that the above actions would not confuse the public as to an association between Defendant and Superman as is required under the Agreement. (Def. Mem. at 8-11; Oral Arg. At 28:9 – 29:8.) Indeed, conspicuously absent from Defendant's papers is any explanation as to why, for example, it chose comic book imagery for its ad campaign and products and instructed its web designer to create a "comic book feel", at the same time it adopted its Glowing Green Brand Identity.

The truth is simple: Defendant sees the value, as it always has, of the association between Kryptonite and Superman. Indeed, Defendant's CEO has been quoted as saying that Defendant is the "\$20 million company with the \$200 million name." (Ex. 69.) It is clearly Superman and nothing else that gives the Kryptonite name its value disproportional to the company. In light of the extensive evidence of Defendant's purposeful association with Superman, Defendant's

motion as to these claims should be denied.

B. Defendant's Motion As To Its Use Of The Term "Super" Is Deficient As A Matter Of Law.

Paragraph 1 of the 1983 Agreement provides in relevant part that "KBL shall not . . . use either the word "SUPER" or a SUPER formative word in the advertising, promotion, packaging or labeling of the KBL Products." The Agreement contains no "fair use" or other exceptions to this condition. Defendant has simply breached this provision by using the term "SUPER" repeatedly in connection with its products and that it has done so with "no thought in [its] mind of the Agreement." (P. Zane Dep. at 121:10-124:10).

IV. DEFENDANT'S CLAIMS THAT ITS MANY BREACHES ARE NOT MATERIAL AND THAT DC COMICS CAN SHOW NO DAMAGE ARE WITHOUT MERIT.

Defendant next argues that its admitted breaches are not actionable because they are not "material" and because it argues there is no evidence of damage. (Def. Mem. at 9.) Defendant's cynical arguments are incorrect as a matter of law and fact, making them inappropriate for summary judgment.

A plaintiff alleging deprivation of the benefit of its bargain in its breach of contract claim satisfies the requirement that plaintiff suffer actual damages. *Vasquez v. Salomon Smith Barney, Inc.*, No. 01 CIV 2895 JSM, 2002 WL 10493 at *6 (S.D.N.Y. Jan. 4, 2002); *see also ESPN, Inc. v. Office of Com'r of Baseball*, 76 F. Supp. 2d 416, 421 n.4 (S.D.N.Y. 1999) ("Although unable to prove monetary damage, there is no question that [plaintiff] was harmed by virtue of [defendant's] breach . . . whether it can prove any monetary damage"). Moreover, "it is a well-settled tenet of contract law that even if the breach of contract caused no loss or if the amount of loss cannot be proven with sufficient certainty, the injured party is entitled to recover as nominal damages a small sum fixed without regard to the amount of the loss, if any."⁵ *Hirsch Elect. Co. v. Community Services, Inc.*, 536 N.Y.S.2d 141, 143 (2d Dep't 1988) (cited in *Vasquez v. Salomon Smith Barney, Inc.*, No. 01 CIV 2895 JSM, 2002 WL 10493 at *6 (S.D.N.Y. Jan. 4, 2002)). Further, it is well-settled under New York law that "[i]f breach is proven, a remedy is available even though provable damage may actually be no more than nominal. 'A person violating his contract should not be permitted entirely to escape liability because the amount of the damages which he has caused is uncertain.'" *Goldberg v. New York Times*, 411 N.Y.S.2d

⁵ At trial DC will show that a reasonable license fee for past breaches is an appropriate measure of damages.

294, 295 (1st Dep't 1978) (quoting *Wakeman v. Wheeler & Wilson Mfg. Co.*, 4 N.E. 264, 266 (N.Y. 1886)). In addition, "where a contract is made to confer a particular enjoyment, the breach, so far as it disappoints in respect of that purpose, may give a right to damages appropriate to the objects of the contract. . . . Problematical in these cases is the method of ascertaining damages occasioned by (defendant's) breach. That damages are not susceptible to precise determination does not insulate (defendant) from liability." *Dominianni v. Consolidated Rail Corp.*, 443 N.Y.S.2d 334, 339-40 (Town Ct. Harrison 1981) (citing *Park West Mgt. v. Mitchell*, 418 N.Y.S.2d 310 (N.Y. 1979)) (internal quotes omitted).

The 1983 Agreement expressly prohibits Defendant from using KRYPT-formative marks, from associating itself with comic books and with Superman, from using the term "Super," and from "expand[ing] its use of [Kryptonite] to other products" than those with which it had, as of the signing of the Agreement, adopted the Kryptonite mark for use and registration. (Agreement ¶ 3.) These express conditions represented the consideration that DC Comics accepted to discontinue its dispute with Defendant. Defendant's conduct in breach of the Agreement thus robs DC of the benefit of its bargain. In other words, the parties acknowledged the materiality and damage to DC Comics of the proscribed behavior by entering into the 1983 Agreement. Defendant now seeks to turn its back on the Agreement and claim that its violation of express provisions of the Agreement are no big deal. Taken to its logical conclusion, Defendant's argument transforms this Agreement and every other trademark settlement agreement like it into a sham. The argument is demonstrably without legal merit and should be rejected.

Moreover, DC disputes Defendant's factual claim that DC is not being damaged by Defendant's numerous breaches. Defendant misstates the testimony of Paul Levitz. (Def. Mem. at 9.) Mr. Levitz testified that he was personally unaware of any impact on DC Comics due to some of Defendant's breaches, but also testified that any use of the word "Krypto" which is the name of one of DC's characters and a "very important asset," would cause damage to DC, and could, "at very least, encourage others to believe that they could infringe [DC] with impunity." (Levitz Dep. at 165-66.) Mr. Levitz similarly testified as to the damage to DC's reputation that would be caused by Defendant's "Supervillains" locks whose packaging included artwork infringing Marvel cartoon characters and trademarks. (*Id.* at 190-91.)

Additionally, in robbing DC of the benefit of its bargain, Defendant further damages DC.

First, to the extent Defendant produces products that are beyond its limited sphere under the Agreement, Defendant takes away from DC's potential licensing market. (Levitz Decl. ¶ 53.) For example, after years of selling only bike and motorcycle locks, Defendant now wants to expand radically into such products as computer software and hardware. (Def. 56.1 Statement ¶ 32.) Defendant has previously licensed Superman in relation to computer products. (Kogan Decl. ¶ 7; Ex. 41.) If Defendant were permitted to expand, DC's market would be foreclosed. The same would be true for the many other markets Defendant has identified.

Second, to the extent Defendant associates itself with Superman in violation of the 1983 Agreement, it then becomes as any other infringer of DC's rights in Superman. (Levitz Decl. ¶¶ 55-56.) DC, who is in the business of licensing Superman and its indicia, would be deprived of the licensing revenue from Defendant's obvious trading off of Superman. (*Id.* ¶¶ 55-57.) Moreover, Defendant's activities deprive DC of control of the indicia related to Superman, which have been carefully crafted and developed by DC and its predecessors over the course of many years. (*Id.* ¶¶ 57-58.) As one of DC's most valuable assets, the damage that could ensue were Defendant to continue unchecked is potentially quite severe. (*Id.*) For example, Defendant's vulgar ad campaign, if permitted to continue, will taint the image of Superman, all to DC's detriment. (*Id.* ¶¶ 51-54.)

Additionally, Defendant's continued trading off of Superman could erode DC's credibility with the licensing community which deals with DC on the basis of its exclusive rights in Superman and its right to control every Superman presentation. (*Id.* ¶ 57.) If Defendant takes the indicia related to Superman without a license, without paying a license fee, and without adhering to DC's strict quality control standards, this has the potential of harming its relationship with its current licensees as well as with potential licensees. (*Id.*) Once this credibility is eroded, it is virtually impossible to recapture. (*Id.*)

V. THE DEFINITION OF KBL'S PRODUCTS IS AMBIGUOUS REQUIRING EXAMINATION OF EVIDENCE EXTRINSIC TO THE AGREEMENT AT TRIAL.

From Defendant's inception until 1982, it sold only bike and motorcycle locks, accessories for the locks such as keys and carriers, and handle bar grips. (M. Zane Dep. At 57:7-58:4; 60:8-22.) In 1982, Defendant proposed to settle its dispute with DC over KRYPTONITE by agreeing "not to use the mark on products outside of the line of products to which the

mark [was then] applied by KBL.” (Katz Decl. ¶ 6; Ex. 27, emphasis added.) That offer was memorialized in the 1983 Agreement.

After signing the 1983 Agreement and for many, many years thereafter, Defendant did not expand beyond bike and motorcycle locks. Now, Defendant argues that the Agreement’s definition of its products is virtually limitless and permits Defendant to use the KRYPTONITE mark with such goods as computers, computer peripherals, encryption software, digital signatures, smart cards, as well as with apparel, (Def. 56.1 Statement ¶ 32), or with “any type of security device and accessory for two wheeled vehicles in all channels of trade.” (Def. Mem. at 7.)

Defendant’s reading ignores the context and plain language of the Agreement that expressly limited Defendant to those products with which it had used or registered the mark in 1983. At very least that there is a genuine issue of material fact making summary judgment inappropriate.

A. Defendant’s Interpretation Of “Security Devices Without Limitation” Is Legally Flawed And Thus Should Be Rejected.

Defendant concedes that the law requires that the Court give effect to all contractual language but then ignores this requirement. (Def. Mem. at 7 (citing *Scholastic, Inc. v. Harris*, 259 F.3d 73, 83 (2d Cir. 2001) and other cases.)) Defendant argues that the term “without limitation” modifies the phrase “security devices” and that DC’s interpretation of the 1983 Agreement that Defendant is limited to those “security devices” it was selling or intending to sell in 1983 renders the “without limitation” language meaningless. (Def. Mem. at 7). However, it is Defendant’s reading of “without limitation” that renders other language in the agreement meaningless and ignores the entirety of the Agreement.

First, the definition of “KBL’s Products” is expressly limited to products for which Defendant’s predecessor, as of February 1983, had “adopted for its use and/or registration” the trademark KRYPTONITE. (Agreement at 1.) To adopt Defendant’s reading of the “without limitation” language would not just render this central restriction mere surplussage, but actually goes contrary to the plain meaning of this controlling phrase.

Defendant’s reading of “without limitation” also nullifies all of the remainder of the definition of “security devices.” If the intention was really for Defendant to have the right, as Defendant argues, to produce “security devices without limitation,” the examples listed after

“without limitation” would not have been necessary.

Similarly, Defendant’s reading nullifies its two separate undertakings: (1) to restrict its use of the KRYPTONITE mark to its defined product list and (2) not to “expand its use of such marks to other products.” (Agreement ¶ 3.) While the first clause limits Defendant to “KBL’s Products” the second expressly prohibits Defendant from expanding its product offering. Defendant’s reading converts the express prohibition into mere surplusage.

Finally, Defendant’s reading of the “without limitation” clause ignores the presence of the comma between “security devices” and “without limitation.” The only plausible reading of the “without limitation” language that gives effect to the entire Agreement and that makes any grammatical sense, is that that phrase modifies the language that comes after “such as” and clarifies that the specific examples of “security devices” listed were not intended to be the entire list of permissible devices.⁶

B. The Term “Security Device” Is Ambiguous.

To prevail on its motion for summary judgment, Defendant “has the burden of establishing that its construction of the agreement is the only construction which can fairly be placed thereon.” *Jellinick v. Joseph J. Naples & Associates, Inc.*, 744 N.Y.S.2d 610, 613 (4th Dep’t 2002) (internal quotes omitted) (where both parties sought summary judgment as to the meaning of provisions in their agreement, their efforts to explain the provisions “demonstrate[] the lack of clarity and the ambiguity of the language” in those provisions). “Where contract language is ambiguous, the differing interpretations of the contract present a triable issue of fact” and thus summary judgment is not appropriate. *Golden Pacific Bancorp v. FDIC*, 273 F.3d 509 (2d Cir. 2001). Contract language is ambiguous “if it is capable of more than one meaning when viewed objectively by a reasonably intelligent person who has examined the context of the entire integrated agreement.” *Charter Oak*, 2002 WL 519738 at *4 (quoting *Sayers v. Rochester Tel. Corp. Supplemental Pension Plan*, 7 F.3d 1091, 1094 (2d Cir. 1993)) (internal quotes omitted and emphasis added). “[C]ontract language is not ambiguous if it has a definite and precise meaning, unattended by danger of misconception in the purport of the [contract] itself, and concerning which there is no reasonable basis for a difference of opinion.” *Hunt Ltd. v. Lifschultz Fast Freight, Inc.*, 889 F.2d 1274, 1277 (2d Cir. 1989) (citation omitted).

⁶ Even if the Court accepts Defendant’s argument that the definitions of KBL’s Products are unambiguous, trial would still be necessary since Defendant has presented no evidence that the goods listed in ¶ 32 of its 56.1 Statement fall within the scope of those definitions.

Defendant has utterly failed to establish, beyond any factual dispute, that the term “security device” has a definite and precise meaning. Defendant coyly avoids any attempt at defining the phrase because it cannot. Rather, Defendant circularly argues that the Agreement allows it to market anything that is a “security device” in any trade channel. (Def. Mem. at 7.) But this begs the question “what is a security device?”

Defendant’s attempt to create an unambiguous and “plain” meaning for “security device” by combining dictionary definitions of the individual words “security” and “device” further proves that the term is ambiguous. (Def. Mem. at 8). Defendant has located no dictionary definition of the phrase “security device.” Instead, Defendant seeks to combine its own selected definitions of “security” and “device” from the dictionary. However both individual terms have several different definitions in the dictionary. For example, one dictionary contains no less than nine definitions of “security,” including “freedom from financial cares or from want” and “an assurance; guarantee.” Similarly, the term “device” has no less than eight definitions, including “a crafty scheme; trick,” “a motto,” and “something elaborately or fancifully designed.” RANDOM HOUSE DICTIONARY OF THE ENGLISH LANGUAGE at 395, 1290 (1967). Which definition is the right one to choose to interpret the Agreement? Can Defendant argue that it is permitted to use KRYPTONITE in the sale of stocks and bonds because they are commonly know as “securities?” Can it argue that a gun or a bomb is a security device permitted under the Agreement, or alternatively that a pacifier or a baby blanket that makes a toddler feel secure is a “security device?”

Defendant concedes that in determining whether the language of an agreement is ambiguous, the Court should consider the “customs, practices, usages and terminology as generally understood in a particular trade or business.” (Def. Mem. at 6.) *Space Imaging Europe, Ltd. v. Space Imaging L.P.*, 38 F. Supp. 2d 326, 334 (S.D.N.Y. 1999). However, Defendant carefully avoids any discussion of the “particular trade” relevant to this case. That is because, as of 1983, that Defendant’s “particular trade” was limited to the sale of bike and motorcycle locks. (M. Zane Dep. 57:7-58:10.) Defendant’s own time line, distributed to promote the company, conclusively demonstrates that Defendant started in the bike lock business and, in 1978, adapted its products for motorcycle locks. (Ex. 44.) That document makes no reference to any other kind of “security” product until 1993. (*Id.*)

Defendant’s own practices further demonstrate conclusively that as of 1983, it used the

words “security devices” to refer to its then-universe of products. In the Australian Application, filed in January 1983, Defendant referred to its products as “security devices” and represented to the Australian trademark office that it was then “using or intending in the near future to use its [KRYPTONITE] trade mark in relation to the goods in respect of which registration is sought.” (Ex. 46, Ex. C thereto.) Those “security devices” were exclusively bike and motorcycle locks. (M. Zane Dep. 57:7-58:10.) Defendant did not expand beyond those limited products for many, many years. (Ex. 44.) Moreover, Defendant’s bike expert confirmed the industry practice that the words “security devices” referred to the kinds of products Defendant made in 1983. (Olken Dep. 116:10-20; *see also* Ex. 67 No. 69.)

Even Defendant’s own expert in the broader field of security conceded that the term “security device” has no agreed-upon meaning (Krentzin Dep. at 81:17-19), and further conceded that there are products some might consider “security devices” while others would not. (Id. at 78:11-79:2.). *See also* Rebuttal Expert Report of Ira S. Somerson, Ex. 70 at 5 (“security device” is “a vague and ambiguous phrase that, out of context to a particular product and/or service, has no meaning whatsoever.”) The term “security device” does not have a “precise” or “definite” meaning and thus is ambiguous.

C. The Australian Application File Is Also Intrinsic Evidence Of The Parties’ Intention In Using The Phrase “Security Devices,” Further Creating A Fact Issue.

“New York law requires that all writings which form part of a single transaction and are designed to effectuate the same purpose be read together, *even though they were executed on different dates and were not all between the same parties*. . . . [such documents] are, under New York law, not parol, but intrinsic” to the agreement. *Rhythm & Hues, Inc. v. Terminal Marketing Co.*, No. 01 Civ. 4697 (AGS), 2002 WL 1343759 at *6 (S.D.N.Y. June 19, 2002).

The Australian Application is referenced in Schedule A to the 1983 Agreement, which is a part of the definition of KBL’s Products. (Agreement at 1.) The definition of KBL’s Products with the description of goods listed for the Australian Application in Schedule A are virtually identical. (*Compare* KBL’s Products, Agreement at 1 *with* Schedule A.) Indeed, Michael Zane confirmed that the language defining KBL’s Products was drafted to be consistent with the description of goods in the Australian Application. (M. Zane Dep. at 66:17-24; 70:15-71:3.)

The declaration of Defendant of December 27, 1982 filed with the Australian Application confirms that the “security devices” referenced in the application were those goods Defendant

“[was] at present using or intending in the [then] near future to use its [KRYPTONITE] trade mark in relation to the goods in respect of which registration is sought.” Those goods were bike locks, motorcycle locks, and an electronic moped lock that was never produced. (M. Zane Dep. 57:7-58:10.)

D. The Extrinsic Evidence Is Unrebutted That The Parties Intended That Defendant Be Limited To The Goods It Was Manufacturing In February 1983.

Where a contract or one of its terms is ambiguous, the Court may look to extrinsic evidence to ascertain the intention of the parties. *See Space Imaging Europe, Ltd. v. Space Imaging L.P.*, 38 F. Supp. 2d 326, 334 (S.D.N.Y. 1999). Indeed, “[o]bjective evidence presented at trial may shed light on the intended meaning of the disputed provisions.” *Gonzalez v. Don King Productions, Inc.*, 17 F. Supp.2d 313, 316 (S.D.N.Y. 1998). Here, because the definition of KBL’s Products is ambiguous, the Court may look to extrinsic evidence in interpreting the Agreement. That intrinsic evidence is unrebutted in confirming that the intention of the parties was to limit “KBL’s Products” to those goods it was producing in February 1983.

That evidence include the following:

- The 1983 Agreement memorialized *Defendant’s own counsel’s written proposal* which expressly states that Defendant would agree “**not to use the mark on products outside of the line of products to which the mark [was then] applied by KBL**” (Katz Decl. ¶ 6; Ex. 27, emphasis added.)
- DC’s in-house counsel’s contemporaneous memo to the legal file indicated that the agreement with KBL was to be a “Kryptonics type” agreement, intended to box KBL into the products it was making at the time. (Katz Decl. ¶ 9; Ex. 29.)
- DC’s in-house counsel derived the definition of KBL’s Products as “bicycle accessory items such as locking mechanisms and flexible grips for handlebars” from KBL’s trademark registrations. KBL’s counsel replaced that with the language that is now in the Agreement and referred to the change as “**conservative**” in his cover letter. (Ex. 32.)
- Defendant’s counsel represented to DC that the intention of the language was not to change the scope of Defendant’s goods but merely to accommodate its Australian trademark application. (Katz Decl. ¶ 14.)
- Defendant’s founder, Michael Zane, testified that the language defining KBL’s Products was drafted to mirror the description of goods in its Australian Application. (M. Zane Dep. at 66:17-24.)⁷

⁷ Should the Court find that the Australian Application itself is extrinsic evidence, the declaration of Peter Zane contained therein further supports DC’s reading of the Agreement.

- In testifying concerning the Australian Application, Michael Zane testified that trademark offices around the world sometimes required specific technical language that would not affect the actual scope of goods. (M. Zane Dep. at 70:15-71:3.) This is consistent with Amy Katz' testimony that Defendant's counsel represented that the new language was intended solely to accommodate a description of goods for the Australian Application. (Katz Decl. ¶ 14.)

E. Defendant's Attempt To Expand Its Use Of KRYPTONITE Beyond Accessories For Two-Wheeled Vehicles Is Prohibited.

Defendant's motion is devoid of any explanation of how it justifies transforming the language "accessories for two-wheeled vehicles, such as handle bar grips" into a license to expand into apparel and bags for bicycle and motorcycle riders. (Def.'s Rule 56.1 Statement ¶ 32.) As is the case with the "security devices" language, the "accessories for two-wheeled vehicles" are limited to those Defendant was selling at the time it entered into the Agreement. It is undisputed that Defendant's goods did not include any kind of apparel item or any other item for the rider of a bike (as opposed to for the bike itself). At very least there is a fact issue with respect to this language as well.

VI. DC'S CLAIMS OF TRADEMARK INFRINGEMENT, UNFAIR COMPETITION, AND DILUTION.

Defendant's attempt to avoid a trial on DC's claims brought pursuant to the Lanham Act is without merit and should be rejected. Rather, the relevant factors that will be the basis for DC's claims are all fact issues not appropriate for summary judgment.

A. Defendant Is Not Entitled to Summary Judgment On DC's Lanham Act Claims

Defendant concedes that in evaluating DC's unfair competition and trademark claims the Court must apply the so-called "Polaroid Factors" articulated by Judge Friendly in *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 495 (2d Cir. 1961). However, each of these factors is a question of fact which must be tested at trial. *See, e.g., DC Comics Inc. v. Reel Fantasy, Inc.*, 696 F.2d 24, 26-27 (2d Cir. 1982). Here, such facts are hotly disputed.

1. DC's Mark is Strong

One of the measures of the strength of a trademark is the inherent distinctiveness of the trademark itself. Coined or fanciful marks receive the strongest protection. Superman is, of course, DC's creation. The term "Kryptonite" also was invented by DC and has no meaning other than the one created by DC and infused in the Superman myth. (Levitz Decl. ¶ 29.) Thus, Kryptonite is a "coined" or "fanciful" term, which is "entitled to the most protection the Lanham Act can provide." *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 871 (2d Cir. 1986).

The strength of a mark "ultimately depends on the degree to which the designation is associated by prospective purchasers with a particular source." RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21, cmt *i* (1995) (emphasis added). In its preliminary injunction decision, this Court properly found that DC's mark is strong, in that the mark and "its appearance as a glowing green element has been a fictional element associated with Superman for nearly 60 years and is readily identified by the public as being associated with Superman." (Ex. 49 at 48). Defendant's motion presents no evidence to rebut the Court's prior finding.

Defendant's attempt to claim that DC's mark is weak by virtue of third party use is without merit. Defendant has not produced any evidence to show that the existence of any third party uses of Kryptonite has in any way diminished the strength of association between the Kryptonite mark and Superman in the minds of the public. See *Scarves by Vera, Inc. v. Todo Imports, Ltd.*, 544 F.2d 1167, 1173-74 (2d Cir. 1976).

Defendant's argument that the strength of DC's mark can be determined on summary judgment motion is inconsistent with arguments it made just in May of this year before the Second Circuit. In connection with the appeal of DC Comics from denial of a motion for preliminary injunction against the Wella Corporation's sale of a glowing green hair gel identified by the name "Kryptonite", Defendant filed a brief as *Amicus Curiae* against DC Comics. (Ex. 71.) In its *amicus* brief, Defendant strenuously argued that the secondary meaning of Kryptonite – in other words, the mark's strength – cannot be the subject of judicial notice but is subject to "vigorous evidentiary requirements." (Ex. 71 at 22-23.) Defendant's inconsistent argument on this motion is wrong. The strength of the Kryptonite mark is, at least, an issue of fact to be determined at trial.

2. The Kryptonite Word Marks Are Identical.

There is no dispute that the word marks of the parties are identical. Defendant, however, argues that the 1983 Agreement implies that its use of KRYPTONITE on goods permitted by the Agreement is “not likely to cause confusion” with DC’s rights. (Def. Mem. at 20.) While this is hardly conceded by DC, taking Defendant’s argument to its logical end, Defendant must concede that its use of KRYPTONITE on goods or in a manner not permitted by the 1983 Agreement is likely to cause confusion.⁸

3. Defendant’s Glowing Green Brand Identity Combined With The Kryptonite Word Mark Is Highly Similar To DC’s Mark.

In evaluating the similarity of Defendant’s Glowing Green Brand Identity to DC’s presentation of Kryptonite, the Court must determine whether the marks create the same overall general impression. See *Fun-Damental Too, Ltd. v. Gemmy Industries Corp.*, 111 F.3d 993, 1004 (2d Cir. 1997). Defendant’s prominent use of a glowing green color and logo in connection with the word “Kryptonite,” can only associate Defendant’s products with Superman.

Contrary to Defendant’s representation, Kryptonite is not just presented as a glowing green rock by DC Comics. Rather, Kryptonite has appeared in broad range of forms in the past 60 years – including in form of glowing green chains, prison bars, glowing green liquid, gas, vapor, a tattoo, force fields, energy sources, missiles, and even lipstick. (Ex. 37 & 38.)

4. Proximity of the Goods

Defendant contends that its products and DC’s products are remote, because DC’s “rights are in connection with t-shirts and children’s toys.” (Def. Mem. at 21). However, defendant concedes it sells its goods in retail venues including mass market retailers such as Target and Wal-Mart, and, incredibly, Toys R Us.⁹ Stores such as Target, Wal-Mart, and Toys R Us are also large carriers of DC licensed product, including Superman and indicia including Kryptonite, such as apparel, video games, and video cassettes and DVD’s. (Drucker Decl. ¶ 8.) In addition, DC has frequently licensed its characters, including Superman, in connection with a number of bicycle-related products including bicycles, scooters, tricycles, bicycle bags, bicycle number

⁸ To the extent Defendant seeks to argue the 1983 Agreement precludes DC’s unfair competition such as wrong as a matter of law. “Where trademark rights have been conveyed by contract, both contract and trademark law apply in determining the parties’ rights and may provide separate grounds for relief.” *Sterling Drug, Inc. v. Bayer AG*, 792 F. Supp. 1357, 1372 n.12 (S.D.N.Y. 1992).

⁹ Defendant has steadfastly refused to produce documents sufficient to show its channels of trade. This is currently the subject of a motion to compel pending before Judge Freeman.

plates, bicycle decals, bicycle directional signals, bicycle handlebar grips, bicycle streamers, training wheels, and bicycle water bottles. (Drucker Decl. ¶ 9.). This is consistent with the practice of other owners of entertainment characters such as Sesame Street characters, Hello Kitty, the Spice Girls, Rugrats, Looney Tunes characters, Spider-Man, and Barbie, who have also licensed those characters with bike-related products. (*Id.* ¶ 10.)

Defendant's claim of remoteness is further belied by its own judicial admission in its counterclaims that there is a likelihood of confusion between Defendant's products and DC's products. (Counterclaim, ¶ 60.)

5. Bridging the Gap.

Defendant's argument that DC cannot bridge the gap is also misplaced. First, Defendant argues that the 1983 Agreement prohibits DC from using its marks on KBL's Products. However, DC's unfair competition claims are based on Defendant's association of its products with Superman. While it is correct that the 1983 Agreement bars DC from using the mark KRYPTONITE on certain products, there is no bar on DC's use of Superman or other of his indicia in connection with those products. In fact, DC has licensed Superman to one of Defendant's main competitors. (Ex. 39.)¹⁰ Further, as set forth above, it is common for the owners of entertainment properties with famous characters to license their characters and their indicia in connection with bicycles and bicycle accessories. (Drucker Decl. ¶ 10.)

Second, all goods outside of the narrow goods allotted to Defendant are reserved to DC. Defendant now claims rights in the computer software and hardware areas. DC has licensed Superman and indicia related to Superman in connection with computer software. (Drucker Kogan. ¶ 41.)

6. Consumer Sophistication.

Defendant claims, without offering any evidence whatsoever, that its consumers are sophisticated. However, Defendant offers inexpensive products sold in such retail outlets as Wal-Mart, Target, and Toys 'R' Us, which belies Defendant's claim. (Def. Mem. at 4.) It is the law that inexpensive items are intended for unsophisticated consumers, who will exercise less care in distinguishing among multiple producers using the same trademark. *See Sports Authority v. Prime Hospitality Corp.*, 89 F. 3d 955, 965 (2d Cir. 1996); *Bristol-Myers Squibb Co. v.*

¹⁰ Consistent with DC's obligations under the 1983 Agreement, Master Lock was not authorized to use Kryptonite in connection with its licensed products. (Kogan Decl. ¶ 6.)

McNeil-P.P.C., 973 F.2d 1033, 1046-47 (2d Cir. 1992).

7. Quality of Products.

This factor relates to the possibility of Defendant's conduct having a deleterious effect on DC. DC does not disagree that Defendant has won awards. Defendant has, however, engaged in certain conduct that would be problematic for DC if consumers associated Defendant with DC. For example, Defendant's promotional efforts have included comic book style print ads that use vulgar language that is inconsistent with the wholesome image of Superman. Because of their association with Superman, these ads jeopardize DC's reputation. (Levitz Decl. ¶¶ 51, 55-58.)

8. Actual Confusion.

Defendant claims there is no evidence of actual consumer confusion in this case, although it acknowledges that no such evidence is necessary to prove likelihood of confusion. (Def. Mem. at 22). Defendant is simply incorrect. Defendant's own founder and chairman testified that he has been asked "numerous, numerous, numerous times" over the course of his tenure with Defendant whether there is an association between Defendant and DC. (M. Zane Dep. at 99). In addition, Defendant's outside web site designer testified that she believed Defendant licensed KRYPTONITE from DC. (McCombe Dep. at 8:6-9:2.)

9. Defendant's Bad Faith.

The courts in this Circuit have repeatedly held that where a defendant intentionally copies with an intent to trade off of the plaintiff's goodwill that such "[i]ntentional copying gives rise to a presumption of a likelihood of confusion." *Mobil Oil Corporation v. Pegasus Petroleum Corporation*, 818 F.2d 254, 259 (2d Cir. 1987) (citing *Perfect Fit Industries v. Acme Quilting Co.*, 618 F.2d 950, 954 (2d Cir. 1980)) ("if there was intentional copying the second comer will be presumed to have intended to create a confusing similarity of appearance and will be presumed to have succeeded") (citing cases). See also *Harlequin Enterprises Ltd. v. Gulf & Western Corp.*, 644 F.2d 946, 949 (2d Cir. 1981) ("the law presumes that an intended similarity is likely to cause confusion"). Once there is a finding of bad faith, the burden shifts to the defendant to demonstrate that there is no likelihood of confusion. *Spring Mills, Inc. v. Ultracashmere House, Ltd.*, 689 F.2d 1127, 1135 (2d Cir. 1982).

It is undisputed that Defendant's predecessor in interest originally chose the Kryptonite mark in an attempt to trade off of the goodwill in Superman. (Ex. 44.) Thus, with respect to

Defendant's use of KRYPTONITE or KRYPT-formative marks in any manner not permitted by the 1983 Agreement, the intent to trade off of Superman should continue to be presumed.

As set forth in detail Section III.A *supra*, Defendant's behavior in choosing its Glowing Green Brand Identity and in otherwise associating itself with Superman has been in bad faith. Indeed, this Court previously held that there was evidence to suggest bad faith on the part of Defendant. (Ex. 49 at 54:9-11.)

B. Defendant's Argument That DC Owns No Trademark Rights In KRYPTONITE Is Without Merit.

1. Defendant Is Contractually Barred From Now Arguing That DC Owns No Trademark Rights In Kryptonite.

Defendant's attempt to argue that DC Comics has no trademark rights in KRYPTONITE is contrary to its acknowledgement in the 1983 Agreement in which it states that:

DC has adopted for its use and/or registration the trademarks KRYPTONITE, KRYPTON, KRYPTO, KRYPTO THE SUPERDOG, IT'S TERRIFIC, IT'S FANTASTIC, IT'S KRYPTONASTIC and THE WORLD OF KRYPTON (hereinafter referred to as DC's Marks) for use in connection with a variety of goods (hereinafter referred to as DC's Products), including comic magazines, comic books and motion pictures and a general line of licensed merchandise . . .

(First Whereas Clause, 1983 Agreement at 1). Its attempt now to turn its back on the Agreement should not be countenanced.

In *Marvel Characters, Inc., v. Simon*, 2002 WL 313865 (S.D.N.Y. February 27, 2002), *appeal pending*, this Court rejected, on contract grounds, the defendant's attempt to back out of an acknowledgement he made in an earlier settlement agreement. In that case, the defendant, Joseph Simon, the creator of the "Captain America" character, entered into a settlement agreement with Marvel in 1969. The agreement included, *inter alia*, an acknowledgement by Simon that his contributions were provided as "work made for hire." *Id.* at *1. Thirty years later, Simon sought to assert that the contributions were not "works made for hire." The Court rejected Simon's attempts and held that the issue of whether Simon's contributions were works made for hire was "determined conclusively in the Settlement Agreement." *Id.* at *8.

Defendant's argument as to the validity of DC's trademark rights should similarly be rejected here. In response to DC's first demand concerning KBL's use of the KRYPTONITE mark, KBL's counsel responded with an argument similar to that made by Defendant now.

(Katz Decl. ¶ 5.) However, in settling the dispute, Defendant acknowledged DC's trademark rights in KRYPTONITE. Defendant should be held to that position now.

2. Defendant's Arguments Concerning DC's Rights In Kryptonite Are Contrary To The Well-Established Law Of This Circuit.

Defendant also ignores the seminal cases governing trademark rights in literary and entertainment properties. (Def. Mem. at 11-17). In this Circuit, it is the law that where a product is entertainment, protection extends to the ingredients of that product. *DC Comics, Inc. v. Filmation Associates*, 486 F. Supp. 1273, 1277 (S.D.N.Y. 1980). *See also, Warner Bros. v. Gay Toys*, 658 F.2d 76, 78 (2d Cir 1981); *Universal City Studios, Inc. v. T-Shirt Gallery, Ltd.*, 634 F. Supp. 1468, 1476 n.9 (S.D.N.Y. 1986) (“[i]t is not disputed that section 43(a)'s protections ‘extend to the specific ingredients of a successful T.V. series’”); *Processed Plastic Co. v. Warner Communications, Inc.*, 675 F.2d 852 (7th Cir. 1982) (affirming holding that symbols associated with the “General Lee” car were symbols of origin under the Lanham Act); *Conan Properties, Inc. v. Conans Pizza, Inc.*, 752 F.2d 145, 154 (5th Cir. 1985) (enjoining “Conans” pizzeria from using key elements associated with the “Conan the Barbarian” fictional character); *Culliford v. CBS, Inc.*, 222 U.S.P.Q. 497, 500 (D.D.C. 1984).

In *DC Comics, Inc. v. Powers*, 465 F. Supp. 843 (S.D.N.Y. 1978), this Court held that DC had protectable rights in “The Daily Planet,” the name of the fictitious newspaper that employs Superman's alter ego, Clark Kent. The Court held that DC had “demonstrated an association of such duration and consistency with the Daily Planet, sufficient to establish a common law trademark therein.” *Id.* at 847.

Such is the case with Kryptonite as well. The factual record demonstrates that Kryptonite is a strong mark because of its close, indelible association with Superman resulting from plaintiff's 60 years of use of Kryptonite *with* Superman. As this Court accurately held in denying DC's motion for preliminary injunction, “DC's Kryptonite mark and its appearance as a glowing green element has been a fictional element associated with Superman for nearly 60 years and is readily identified by the public as being associated with Superman. **It is a strong mark.**” (Ex. 49 at 48:15-19, emphasis added.)

The only case upon which Defendant relies for its position, *American Footwear Corp. v. General Footwear Co.*, 609 F.2d 655 (2d Cir. 1979), *cert. denied*, 445 U.S. 951 (1980), actually supports DC's rights in Kryptonite as a trademark symbolizing Superman. In that case involving

the use of the term "bionic" from the television program "The Six Million Dollar Man," the Court accepted the television program's claim that the element from a television program could serve as a trademark. *Id.* at 661-662. However, the Court found that, because the term "bionic," a word describing an actual science, was used in a descriptive dictionary sense and because the owner of the television program was unable to establish secondary meaning in "bionic" or that the "*primary* significance of the mark in the minds of the consumers" was the identification of the program's owner, its unfair competition claim failed. *Id.* at 662-663.

Here, the evidence is overwhelming that the term Kryptonite is primarily associated with Superman based upon the nearly 60 years of use with a variety entertainment and consumer products. (Levitz Decl. ¶¶ 7-17; Ex. 2-4.)

In its *amicus* brief in May of this year, contrary to its argument here, Defendant argued that "the law need hardly foreclose trademark protection for names and other materials drawn from copyrighted works . . ." thus conceding that a word, such as Kryptonite can come to symbolize the entertainment product and its source. (Ex. 71 at 20.) Defendant argued that this very issue must be weighed by the Court. (*Id.* at 22-23.) How can Defendant argue here that DC should be robbed of its right to make that evidentiary showing at a trial?

C. Summary Judgment Is Inappropriate On DC's Dilution Claims

Defendant's concedes that its entire argument in attempting to dismiss DC's dilution claims is premised on its *factual claim* that DC owns no trademark rights and is not famous. For the reasons set forth in sections VI.A.1 & B.2 *supra*, the facts actually support DC's claim that it owns a famous trademark and that Defendant's behavior in violation of the 1983 Agreement is also diluting DC's mark. As set forth above, these are issues of fact not properly decided on a motion for summary judgment. *DC Comics Inc. v. Reel Fantasy, Inc.*, 696 F.2d 24, 26-27 (2d Cir. 1982).

CONCLUSION

For the foregoing reasons, plaintiff respectfully requests that the Court deny Defendant's motion for summary judgment.

Dated: New York, New York
September 6, 2002

FROSS ZELNICK LEHRMAN
& ZISSU, P.C.

By: 
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Attorneys for Plaintiff

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copy of the foregoing

1. Plaintiff DC Comics' Responses And Objections To Defendant's Rule 56.1 Statement And Counterstatement Of Undisputed Facts;
2. Plaintiff's Memorandum Of Law In Opposition To Defendant's Motion For Summary Judgment;
3. Plaintiff's Notice Of Motion For Partial Summary Judgment;
4. Plaintiff DC Comics' Statement Of Undisputed Material Facts Pursuant To Local Rule 56.1;
5. Plaintiff's Memorandum Of Law In Support Of Its Cross-Motion For Partial Summary Judgment;
6. Declarations Of Paul Levitz, Amy Katz, Jay Kogan, Marilyn Drucker, And Jessica Mann In Opposition To Defendants' Motion For Summary Judgment And In Support Of Plaintiff's Cross-Motion For Partial Summary Judgment
7. Deposition Testimony In Support Of Plaintiff's Cross-Motion For Partial Summary Judgment And In Opposition To Defendant's Motion For Summary Judgment;
8. Exhibits Volumes I – Iii In Support Of Plaintiff's Cross-Motion For Partial Summary Judgment And In Opposition To Defendant's Motion For Summary Judgment

was served by express mail, on William Grimm, Esq., attorney for defendant Kryptonite Corporation at the offices of Hinckley, Allen & Snyder LLP 28 State Street, Boston, MA 02109, on this 6th day of September, 2002.

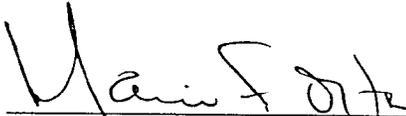

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Posted by: Chris 02/16/2005

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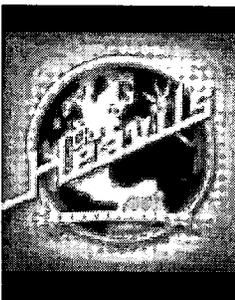
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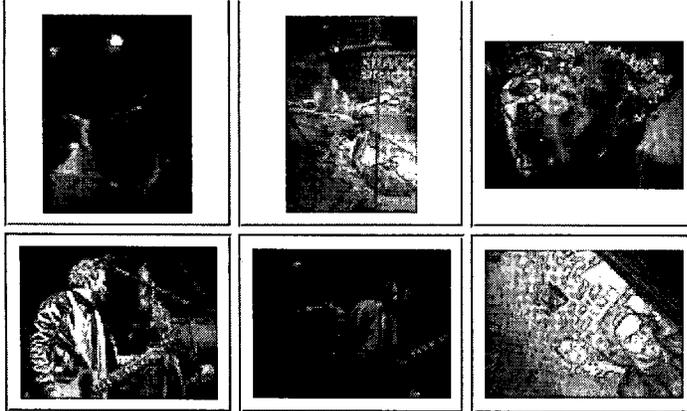
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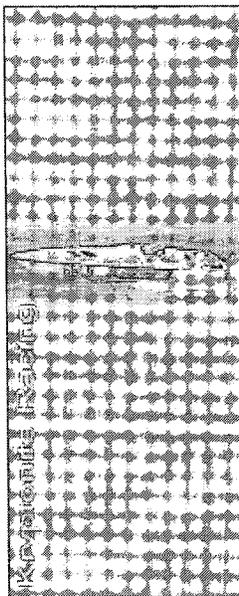
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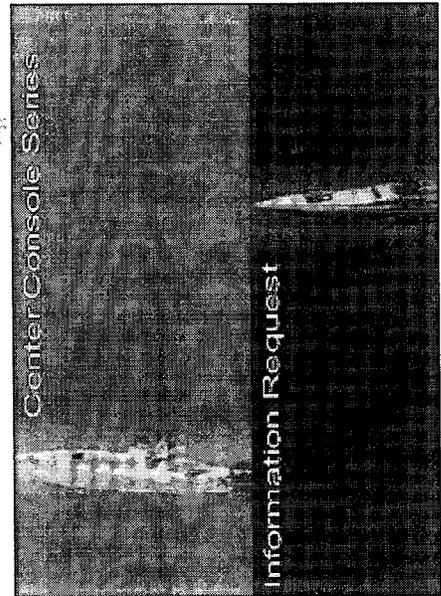
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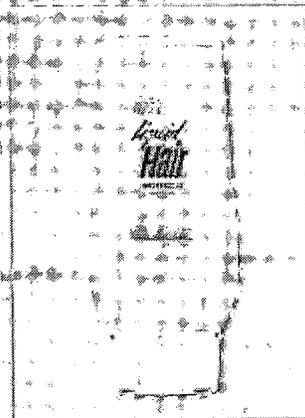
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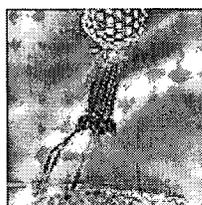
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R&D

Kryptonite for Superbugs

By Jocelyn Selim

DISCOVER Vol. 26 No. 01 | January 2005 | Biology & Medicine



A virus sets down on a bacterium, latches onto molecules on the surface, and injects a dose of viral DNA in this new computer simulation.

Courtesy of Seyer LLC.

In the battle against antibiotic-resistant bacteria, researchers are looking closely at the enemy of our enemy. Iowa State University microbiologist D. L. Harris is using bacteriophages—viruses that infect bacteria the way bacteria infect humans—to bring down strains that cannot be stopped by drugs.

Harris is focusing on a particularly lethal bacteriophage to block salmonella, which is caused by a bacterium that commonly finds its way into kitchens via contaminated meat. "Salmonella is particularly difficult to contain because it spreads rapidly; in pigs it only takes an hour or two after exposure for the infection to show up in organ samples. And because it's highly contagious, it is quickly transmitted from animal to animal while they're penned together before slaughter," he says. More and more salmonella strains are drug resistant, posing a risk to human health and making it increasingly difficult to control outbreaks.

After years of work, Harris has developed and patented a bacteriophage called Felix-01, which kills salmonella rapidly and can be administered to animals before or applied to meat after slaughter. Preliminary tests on pigs look promising. "These viruses are highly specific: They cannot infect humans, and they are cleared from animals fairly soon after an infection," Harris says. He's now teaming with researchers at other universities to study how to apply his virus to different animals and types of meat. "We'll have to make sure it's practical before anything gets developed commercially," he says. "It's not something that's been done before."

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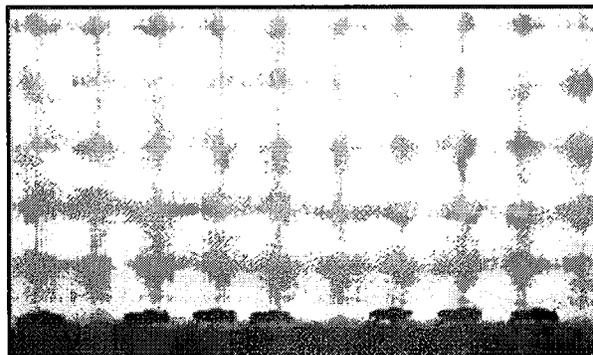
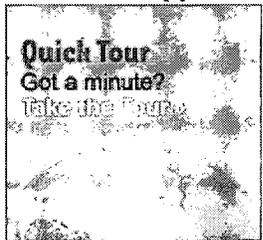
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Engebretsen, Jenni R.

Money

April 01, 1998

First, gold cards became commonplace. Then the platinum rush followed. Now First USA, the leading platinum issuer, has been testing a titanium card since December, according to BAIGlobal, a Tarrytown, N.Y. firm that tracks credit-card offers. Despite an exclusive aura, nearly two-thirds of MasterCard and Visa offers are for platinum, says BAI. It's no wonder First USA is fishing for customers with a shiny new hook. But don't expect titanium to one-up platinum's high credit-line hype. (The average platinum cardholder's credit line is \$9,391, a mere \$90,609 shy of the \$100,000 max trumpeted by card issuers.) First USA won't reveal any details. But Robert McKinley, publisher of the credit-card newsletter CardTrak, expects rates and credit lines to closely resemble those on platinum. Instead,



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titanium's luster may lie in customized benefits, such as concierge service, mileage points or accident insurance. As for snob appeal, says McKinley, "It's hard to impress the

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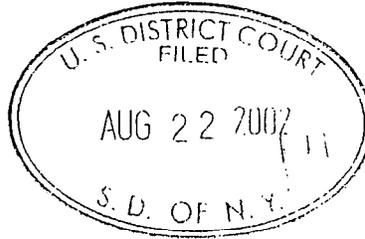
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Exhibit I

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



100-429

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 :
 Plaintiff, :
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 against :
 :
 KRYPTONITE CORPORATION, :
 :
 Defendant. :
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00 Civ. 5562 (AGS)
5562

**DEFENDANT KRYPTONITE CORPORATION'S MEMORANDUM
OF LAW IN SUPPORT OF ITS MOTION FOR SUMMARY JUDGMENT**

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I. SUMMARY OF ARGUMENT

Summary judgment is appropriate in this case because DC Comics' (DC's) claims are barred by the statute of limitations and the doctrines of waiver and estoppel. Moreover, DC cannot establish material facts necessary to its claims, namely, a material breach of contract, damages resulting from Kryptonite Corporation's (Kryptonite's) conduct, ownership of a trademark or likelihood of confusion.

II. ARGUMENT

A. Standard For Summary Judgment

Summary judgment is proper under Fed.R.Civ.P. Rule 56(c) where there are no genuine issues of material fact in dispute and the moving party is entitled to judgment as a matter of law. *Celotex Corp. v. Catrett*, 477 U.S. 317 (1986). The party moving for summary judgment meets its burden by establishing an absence of evidence to support the opposing party's allegations. *Celotex Corp.*, 477 U.S. at 325. The burden then shifts to the non-moving party to "set forth specific facts showing that there is a genuine issue for trial." Fed. R. Civ. P. 56(e). Because DC bears the burden of proof at trial with respect to every element of each of its claims, and because DC is unable to present evidence that it can meet that burden, Kryptonite is entitled to judgment as a matter of law.

B. DC's Breach of Contract Claim Concerning Kryptonite's KRYPT Sub-brands Is Time-Barred

The statute of limitation for a breach of contract action is six (6) years. CPLR § 213(2). A cause of action for breach of contract accrues, and the statute of limitations begins to run, when the contract is breached, even though the plaintiff may be ignorant of the existence of the breach or unaware that it has a cause of action. *O'Hearn v. Spence-Chapin Services to Families and Children*, 929 F. Supp. 136 (S.D.N.Y. 1996); *Ely-Cruikshank Co., Inc. v. Bank of Montreal*, 615 N.E.2d 985 (N.Y. 1993).

Although Paragraph 4 of the 1983 Agreement sets forth KBL's undertaking not to use or apply to register any KRYPT-formative marks — other than KRYPTONITE, KRYPTONITE (and Design) and KRYPTO GRIP — DC is no longer able to object to those of Kryptonite's KRYPT sub-brands that are more than six years old. Moreover, to the extent such marks have

...been registered for more than five years or are incontestable, Kryptonite has secured injunctive rights that bar any claim by DC for breach of contract. 15 U.S.C. §1064 provides that registrations that are more than five years old may be challenged on limited grounds, breach of contract not among them. Likewise, a registration that is incontestable under 15 U.S.C. §1065 is conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the mark in commerce."

Beginning in 1985, Kryptonite used and/or applied to register several KRYPT sub-brands summarized in its Rule 56.1 statement ¶¶ 15-16. (See also ¶ 17 for its foreign registrations). Registration itself is constructive notice to all third parties, including DC. 15 U.S.C. §1072. Kryptonite's registered marks, like all registrations, were first published in the *Official Gazette*. DC, which concedes it closely monitors the *Official Gazette*, could have opposed registration pursuant to 15 USC § 1063. It did *not*¹. Other than the present litigation, DC has not complained about, sought to cancel or filed suit with respect to any of Kryptonite's registrations for its KRYPT sub-brands. It is undisputed that Kryptonite applied to register its KRYPTONITE-5, KRYPTOLOK, KRYPTO-CABLE and KRYPTONIUM subbrands in the United States and its KRYPTONIUM subbrand in ten foreign countries *prior* to July 1994, six years prior to the commencement of this action. Accordingly, DC's breach of contract claim based on Kryptonite's use and registration of KRYPTONITE-5, KRYPTOLOK, KRYPTO-CABLE and KRYPTONIUM is barred by CPLR § 213(2).

C. DC's Breach of Contract Claim Concerning Kryptonite's KRYPT Sub-brands Is Barred By The Doctrines of Waiver and Estoppel

Kryptonite is entitled to judgment as a matter of law on DC's breach of contract claim arising from Kryptonite's use and applications to register its KRYPT sub-brands under the doctrine of equitable estoppel. Under New York law, equitable estoppel requires proof that: (1) plaintiff had knowledge of defendant's conduct; (2) plaintiff either (a) intended that defendant rely on plaintiff's acts or omissions or (b) acted or failed to act in such a manner that defendant

¹Likewise DC could have opposed or sought to cancel Kryptonite's foreign registrations (See Rule 56.1 statement ¶ 17). It did not.

and a right to believe it was intended to rely on plaintiff's conduct; (3) defendant was ignorant of the true facts; and (4) defendant relied on plaintiff's conduct to its detriment. *DeCarlo v. Archie Comic Publications, Inc.*, 127 F. Supp.2d 1593, n. 81 (S.D.N.Y. 2001).² The issue of estoppel may be decided upon a motion for summary judgment. *Id.*

1. **DC Has Actual And Constructive Knowledge Of Kryptonite's Use And Registration Of The KRYPT Sub-brands**

The undisputed facts show that DC had actual and constructive knowledge that Kryptonite was using and/or had applied to register its KRYPT subbrands: (1) Kryptonite filed applications and obtained trademark registrations for thirty nine such subbrands in the United States Patent and Trademark Office and in the trademark offices of various foreign countries³; (2) since at least 1989, DC reviewed the United States *Official Gazette* weekly and received and reviewed weekly watch notices regarding all trademark applications and registrations containing the term KRYPT on a worldwide basis; and (3) Kryptonite's use of the KRYPT subbrands has been widespread.

Cindy Nelson, Warner Brothers' ("Warner") Vice President of Antipiracy and the person in charge of protecting DC's trademarks, testified, under oath, that her office reviews this publication on a weekly basis. (Nelson Dep. at 14.) Beginning in 1989, Warner implemented a comprehensive antipiracy program (*Id.* at 12), which involves, among other things, receiving and

² Essentially the same conduct also supports a finding of waiver. *See Saverslak v. Davis-Cleaver Produce Co.*, 606 F.2d 708 (7th Cir. 1979) (seven-year failure to object to defendant's non-use of trademark notice required by contract both of waiver of contractual right and an estoppel against enforcement of that right). *See Christian Dior-New York, Inc. v. Koret*, 792 F.2d 34, 40 (2d Cir. 1986).

³ Since 1985, Kryptonite has filed no less than eleven (11) trademark applications in the United States Patent and Trademark Office to register KRYPT sub-brands such as KRYPTO-FLEX for flexible locks and KRYPTO-CABLE for cable locks. In all instances, Kryptonite's trademark applications have gone through the rigors of trademark prosecution in the United States Patent and Trademark Office, including publication in the *Official Gazette* prior to registration. The *Official Gazette* is a weekly publication, which is designed to give trademark owners notice of pending applications and the opportunity to oppose any applications that a trademark owner feels conflicts with its prior trademark rights. Every application that is filed with the United States Patent and Trademark Office is published in the *Official Gazette* prior to being registered on the Principal Register.

reviewing watch notices three times a week.⁴ (*Id.* at 13.) Specifically, Ms. Nelson testified that this practice includes receiving notices of trademark filings, registrations and corporate name registrations made in various countries around the world from its outside counsel Ladas & Parry. (*Id.*) Since at least the beginning of DC's antipiracy program in 1989, the marks KRYPTONITE, KRYPTO and KRYPTON were marks for which Warner received weekly trademark watch notices. (*Id.* at 23.) Warner has received watch notices for some of Kryptonite's applications including the term KRYPT. (*Id.* at 33). The purpose of Warner receiving and reviewing watch notices is to: (1) inform DC of pending trademark applications, registrations and company names; and (2) provide DC with an opportunity to oppose or otherwise seek to stop such actual or proposed trademark use. (*Id.* at 27.) Over the years, DC received watch notices for marks containing the term KRYPT, some of which were owned by Kryptonite. (*Id.* 32-33.) On some occasions where DC obtained a watch notice for the mark KRYPTONITE or marks containing the term KRYPT, DC decided to take no action against the application. (*Id.* at 29, 32.) Between 1989 and the present, Cindy Nelson has had discussions with individuals at DC concerning Kryptonite's applications for and/or registration of the KRYPT subbrands. (*Id.* at 33-35, 44-45).⁵ Registration of each of the KRYPT sub-brands also constitutes constructive notice to DC as a matter of law. 15 U.S.C. § 1072; *Chandon Champagne Corp. v. San Marino Wine Corp.*, 335 F.2d 531 (2d Cir. 1964).

Kryptonite's use of the KRYPT subbrands for fifteen years before this action was filed has been pervasive. Kryptonite's products, including products bearing the KRYPT sub-brands, are sold in over 20,000 retail outlets throughout the United States and abroad, including in sporting goods stores, specialty bike and motorcycle shops and in the mass market at retail giants such as Home Depot, Target, Toys R' Us, Loews and Wal-Mart. (Zane Decl. ¶ 36).

⁴ "Watch notice" is a service provided by a vendor at the request of a trademark owner that monitors or "watches" the filings made with various trademark offices throughout the world and sends a notice (a "watch notice") to the trademark owner when an application incorporating the watched mark or a similar mark is filed, published for opposition or accepted for registration.

⁵ Beyond receiving and reviewing the *Official Gazette* and watch notices on a weekly basis, DC's agents and licensees were instructed to send DC reports of counterfeiters and infringements that they observed or learned about in the marketplace. (*Id.* at 13-14.) DC also became a member of various anti-counterfeiting groups. *Id.*

Kryptonite's open and overt sale of its products under the KRYPT subbrands is sufficient to put DC on notice of its use of such marks. *McDonald's Corp. v. Druck & Gerner, DDS, P.C.*, 814 F. Supp. 1127 (N.D.N.Y. 1993) (large corporation that aggressively polices its marks may be on notice in that it should have known of defendant's "open and overt operation of its business"); *Chandon Champagne Corp. v. San Marino Wine Corp., supra* (plaintiff on notice from listing of defendant's mark in trade journals). There can be no dispute that DC had actual (and constructive) knowledge of Kryptonite's use and application for registration of the KRYPT subbrands since at least 1989. DC has not opposed any of Kryptonite's applications for registration of its KRYPT subbrands; nor has it sought to cancel any of Kryptonite's registrations for such trademarks. In fact, until this action, DC has not objected in any way or otherwise sought to stop Kryptonite from selling its products bearing the marks.

2. DC's Inaction Led Kryptonite To Rely On Its Conduct

DC's fifteen year failure to voice any complaint or make any competing claim against Kryptonite's use and/or application for registration of the KRYPT sub-brands naturally led Kryptonite to conclude DC had no objection. DeCarlo, 127 F. Supp.2d at 510. ("Silence or inaction in the face of an explicit contrary assumption by the opposing party may be sufficient to induce justifiable reliance by a defendant that a plaintiff will not later assert a claim"). Accordingly, DC conducted itself in a manner that gave Kryptonite a right to believe it could rely on DC's acquiescence in its actions. *Id.*

3. Kryptonite Was Ignorant Of The True Facts

DC's failure to object to Kryptonite's use and registration of the KRYPT sub-brands coupled with its sporadic enforcement of its claimed rights in the KRYPTONITE mark from third party uses (See Levitz Dep. 154-160) indicated to Kryptonite that DC had no claim to all marks containing KRYPT or at least never intended to pursue such a claim. Accordingly, Kryptonite was ignorant that DC would now, some fifteen years later, change its position regarding the KRYPT subbrands.

4. Kryptonite Relied On DC's Inaction To Its Detriment

Relying on DC's silence, Kryptonite, since 1985, increasingly came to depend on its abbreviated form KRYPT or KRYPTO marks. Kryptonite has committed substantial resources to advertising and promoting its products offered under these subbrands. (Zane Decl. ¶ 33). If

Kryptonite were now forced to stop selling products bearing the KRYPT subbrands, Kryptonite's potential lost sales and profits, lost goodwill and damage to its corporate reputation and credibility would be significant. As such, DC is estopped from pursuing and has waived its claim arising out of Kryptonite's use and registration of its various KRYPT sub-brands.

D. Kryptonite's Use and Registration of KRYPTONITE Does Not Violate The Unambiguous Language of the 1983 Agreement

Under New York law, in reviewing a written contract, a court's primary objective is to give effect to the intent of the parties as revealed by the language they chose to use. *Siden Assoc., Inc. v. ANC Holdings, Inc.*, 959 F.2d 425 (2d Cir. 1992). The court must consider the entire contract and reconcile all parts, if possible, to avoid inconsistency. *Terwillinger v. Terwillinger*, 206 F.3d 240, 245 (2d Cir. 2000). In construing contractual provisions, a court must first determine whether the language at issue is ambiguous. *Barbier v. Sherson Lehman Hutton, Inc.*, 752 F. Supp. 151 (S.D.N.Y. 1991). Whether a contract provision is ambiguous is a question of law for a court. *Scholastic, Inc. v. Harris*, 259 F.3d 73 (2d Cir. 2001).

"[C]ontract language is not ambiguous if it has a definite and precise meaning, unattended by danger of misconception in the purport of the contract itself, and concerning which there is no reasonable basis for a difference of opinion." *Hunt Ltd. v. Lifschultz*, 889 F.2d 1274, 1277 (2d Cir. 1989) (quoting *Breed v. Insurance Co. of North America*, 46 N.Y.2d 351, 355 (1978)). A term is ambiguous only if "it is capable of more than one meaning when viewed objectively by a reasonably intelligent person who has examined the entire context of the integrated agreement and who is cognizant of the customs, practices and usages and terminology as generally understood in the particular trade or business." *Id.* Language in a contract is *not* made ambiguous simply because the parties urge different interpretations; nor does ambiguity exist where one party's view strains the contract language beyond its reasonable and ordinary meaning. *Id.* Where contract language is unambiguous on its face, the parties' rights under such agreement should be determined solely by the terms expressed in the instrument itself, not from extrinsic evidence as to terms that were not expressed or judicial views as to what terms may be preferable. *Care Travel Co. v. Pan Am World Airways, Inc.*, 944 F.2d 983, 987-88 (2d Cir. 1991) (quoting *Metropolitan Life Ins. Co. v. RJR Nabisco, Inc.*, 906

2d 884, 889 (2d Cir. 1990). Summary judgment may be granted when the terms of the contract are unambiguous. *Scholastic, Inc., supra*.

The 1983 Agreement provides that Kryptonite can use its marks in connection with (1) security devices and accessories therefore, without limitation, such as mechanical and electronic locking means and accessories therefore, and (2) accessories primarily for two wheeled vehicles such as handle bar grips.” The plain meaning of this language is that Kryptonite can use its marks on any type of security device and accessory for two wheeled vehicles in all channels of trade without regard to the types of security devices and accessories it was manufacturing or selling in 1983. This interpretation is bolstered by the inclusion of the broad and expansive language “without limitation” and the obvious absence of any limiting terms. Although DC has argued the agreement was meant to limit Kryptonite to the goods it was selling in 1983, it has yet to reconcile this interpretation of the agreement with its plain language. If a contract is more reasonably read to convey one meaning, the party benefited by that reading should be able to rely on it; the party seeking exception or deviation from the meaning reasonably conveyed by the words of the contract should bear the burden of negotiating for language that would specifically express the limitation or deviation. *Random House, Inc. v. Rosetta Books LLC*, 150 F. Supp.2d 613, 619 (S.D.N.Y. 2001) *aff’d* 283 F.3d 490 (2d Cir. 2002); *Boosey & Hawkes Music Publishers, Ltd. v. The Walt Disney Co.*, 145 F.3d 481, 487 (2d Cir. 1998). If DC intended to limit the contract only to those products Kryptonite was manufacturing or selling in 1983, as DC contends, DC had the burden of including such limiting language in the agreement. *Id.* It did not.

Furthermore, the language “without limitation” would be superfluous if the agreement limited Kryptonite to only certain types of security devices. DC’s interpretation would render the terms “without limitation” meaningless – contrary to the requirement that the court give effect to all contractual language. *Scholastic, Inc.*, 259 F.3d at 83; *Wyndham Co. v. Wyndham Hotel Co.*, 596 N.Y.S.2d 655, 661 (1992); *East 41st Street Assoc. v. 18 East 42nd Street, L.P.*, 669 N.Y.S.2d 546, 548 (1998). Accordingly, the plain and unambiguous language of the 1983 Agreement, permits Kryptonite to use its KRYPTONITE, KRYPTONITE (and Design) and KRYPTO GRIP marks on all types of security devices and accessories for two wheeled vehicles

all channels of trade and is not limited to those security devices and accessories it manufactured or sold in 1983.

The meaning of the terms "security device" and "accessory" are also unambiguous and should be afforded their usual meaning. *Hunt Ltd. v. Lifschultz*, 889 F.2d 1274, 1277 (2d Cir. 1989). The contract does not specially define security devices or accessories for two wheeled vehicles. The court thus should give the terms their plain and ordinary meaning. *Roth v. Blue Cross and Blue Shield of Central New York, Inc.*, No. 95-CV-1332 (FJS), 1998 WL 690975 * 2 (N.D.N.Y. Sept. 29, 1998) (where a contract does not define a term that term is to be given its plain meaning). Webster's Ninth New Collegiate Dictionary defines "security" broadly as a "measures to protect a site, state etc.; something that secures." A device is defined as "a piece of equipment or a mechanism designed to serve a special purpose or perform a special function." This broad definition of security is supported by DC's own expert who testified that the security industry is a "very large, very broad, very all encompassing science and art of protecting organizations' assets, which are people, property and information and reputation" which can be accomplished through products and services. (Somerson Dep. at 35). The term accessory is equally broad and is defined as "a thing of secondary or subordinate importance; an object or device not essential in itself but adding to the beauty, convenience or effectiveness of something else." Absent clear contract language to the contrary, the court should afford the terms "security device" and "accessory" their broad and commonly understood meanings. Based on the commonly understood meaning of these terms, it is clear that the goods set forth in Kryptonite's pending intent to use trademark applications and recently issued registrations (See Rule 56.1 Statement ¶¶ 32 - 34) fit squarely within such meanings and thus do not constitute a breach of the 1983 Agreement.

E. Kryptonite's Use of Cartoon Characters, Benday Dots, Thought Balloons, the K Logo, the Color Green, the Term Super, Outer Space Imagery and News Articles Referencing Superman Do Not Breach the 1983 Agreement

Kryptonite's use of cartoon characters, benday dots, thought balloons, the K Logo, the color green, the term super, outer space imagery and articles referencing Superman do not breach the 1983 Agreement. Even if it did, such breach is not material and has not damaged DC. Under New York law, a breach of contract must be material to be actionable. A breach of contract is

material if it is so substantial as to defeat the purpose of the transaction or so severe as to justify the other party's suspension of performance. *In re Spectrum Information Technologies, Inc.*, 190 B.R. 741, 751 (E.D.N.Y. 1996); *Lanvin Inc. v. Colonia, Inc.*, 739 F. Supp. 182, 195 (S.D.N.Y. 1990). To find that there was a material breach of contract, the departure from the terms of the contract or defects in performance must have pervaded the whole of the contract or have been so essential as to substantially defeat the object that the parties intended to accomplish. *Cablevision Systems Corp. v. Town of East Hampton*, 862 F. Supp. 875, 885 (E.D.N.Y. 1994) (citing *Miller v. Benjamin*, 142 N.Y. 613, 617 (1894)); *Frank Felix Associates v. Austin Drugs, Inc.*, 1997 U.S. App. LEXIS 19795 (1997) (for a breach of contract to be material, it must go to the root of the agreement between the parties).

Similarly, an essential element of a contract claim under New York law is damage. *Marks v. New York University*, 61 F.Supp.2d 383 (S.D.N.Y. 1999). In the absence of some showing of damage, conduct otherwise constituting breach will not sustain a claim. *Lexington 360 Associates v. First Union National Bank of North Carolina*, 651 N.Y.S.2d 490. It is the plaintiff's burden to prove alleged damages, *J.R. Loftus, Inc. v. White*, 85 N.Y. 2d 874 (1995), such that summary judgment is proper if the plaintiff's proof of damages is speculative or non-existent. *Toscano v. PGA Tour, Inc.*, No. CIV-S-97-1238 DFL PA, 2002 WL 1032588, 13 (E.D. Cal. May 2, 2002); see also *McGlinchy v. Shell Chem. Co.*, 845 F.2d 802 (9th Cir. 1988) (district court excluded expert witness report due to flaws in analysis and granted summary judgment because there was no evidence left of damages); *D.A. Richards v. Canine Eye Registration Found, Inc.*, 704 F.2d 1449, 1452 (9th Cir. 1983) (summary judgment properly granted where plaintiff neither identified expert witness, nor designated documents supporting damages claim).

DC has not offered one scintilla of evidence that it has been damaged by any of Kryptonite's alleged breaches of contract. Paul Levitz, DC's Executive Vice President and 30(b)(6) designee on this subject, testified that he is unaware of any damage sustained by DC as a result of Kryptonite's conduct. (Levitz Dep. at 162-167, 190, 199-200, 203-204). Because there is thus no competent or relevant evidence from which a fact finder could reasonably conclude DC has sustained any damages, summary judgment is appropriate.

1. Use of Comic Book Characters, Benday Dot, Thought Balloons, the Letter K, Color Green And Outer Space Theme

The 1983 Agreement does not prohibit Kryptonite from using comic book characters, benday dots, thought balloons, the letter K, the color green or outer space imagery in advertising its products but rather only prohibits Kryptonite from using certain enumerated characters namely, SUPERMAN, SUPERBOY, SUPERGIRL, SUPERKIDS, SUPER JR. and KRYPTO THE SUPERDOG. Under the principal of expressio unius est exclusio alterius the actual provisions of the agreement control over unstated inferences DC might wish to draw. *Cornell Univ. v. UAW Local 2300*, 942 F.2d 138, 139 (2d Cir. 1991). Kryptonite has not used these characters in connection with the advertising or sale of its products.

2. Use of Phrases "Men of Steel" and "Up, Up and Away."

Kryptonite's only "use" of the phrases "Men of Steel" and "Up, Up and Away" was to reproduce on its website a news article that appeared in Business Start Ups Magazine in March 1995. The article used the two phrases and briefly appeared on Kryptonite's website from June 1998 to May 1999, when it was removed upon DC's request. Kryptonite has not used the phrases "Men of Steel" and "Up, Up And Away" in any other way.

3. Kryptonite's Descriptive Use of the Term Super.

In the past 30 years, Kryptonite has used the term "super" to describe its products, not as a trademark and not to refer to or associate its products with Superman or DC. Kryptonite has used the name Super Stronghold for a security anchor (used to secure items such as tools, machinery and construction equipment) and to distinguish this high-end product from Kryptonite's other Stronghold products. Likewise, in mid-1999, the phrase "Kryptonite Super Commuter" was used as a headline for a promotional program run by the bicycle industry publication *The Ride* honoring individuals who bike, rather than drive, to work which Kryptonite sponsored.

4. Kryptonite's Fair Use Of News Articles Referencing Superman.

Throughout its thirty-year history, Kryptonite has received considerable unsolicited media attention, including in national publications and television shows. A small number of outside authors of such articles have alluded to Superman or Superman characteristics, such as the play on words "Men of Steel," although never as the main focus of the article. Following

common practice, Kryptonite has redistributed some of these articles to promote its business and successes. Although DC continually points to Kryptonite's "use" of one press release mentioning the Superman story, discovery in this matter has established that this draft press release — created by an outside public relations and marketing firm and not by an employee of Kryptonite (Zaniboni Dep. at 44-50.) — was rejected by Kryptonite and never disseminated to the public. (*Id.*) If such conduct was a breach of the 1983 Agreement, it was *de minimis* and not material.

F. DC Cannot Meet Its Burden at Trial of Proving the Elements of Trademark Infringement, Unfair Competition Or Dilution

To prevail on its claim of trademark infringement, DC must show that: (1) it has a valid mark; and (2) there is a likelihood of confusion that consumers will be misled or confused as to the source of the goods in question. *Arrow Fastener Co. v. Stanley Works*, 59 F.3d 384, 390 (2d Cir. 1995); *Gruner + Jahr USA Publ'g v. Meredith Corp.*, 991 F.2d 1072, 1075 (2d Cir. 1993); *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 441 F. Supp. 1220, 1225 (S.D.N.Y. 1977), *aff'd*, 580 F.2d 44 (2d Cir. 1978); *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 234 F.2d 538 (2d Cir. 1956). DC cannot adduce sufficient evidence to establish the elements for trademark infringement or unfair competition with respect to Kryptonite's use and application for registration of KRYPTONITE, its KRYPT subbrands, or the K Logo. Kryptonite's Motion for Summary Judgment should therefore be granted.⁶

1. DC Does Not Own A Valid Trademark In the Term KRYPTONITE

The Lanham Act defines a trademark as any word or symbol used to identify and distinguish the source of goods. 15 U.S.C. § 1127. "Use in commerce" is, in turn, defined as placing the mark "on the goods or their containers or the displays associated therewith or the tags or labels affixed thereto...." *Id.* Unlike copyright, which protects original or creative works of

⁶The test for unfair competition and false designation of origin under 15 USC § 1125(a) and under the common law is essentially the same as that for trademark infringement under § 1114, namely whether there is a likelihood of confusion between the marks. *Wallace Int'l Silversmith v. Godinger Silver Art*, 916 F.2d 76, 79 (2d Cir. 1990); *Plus Products v. Plus Discount Foods, Inc.*, 722 F.2d 999, 1003 (2d Cir. 1983). Accordingly, Kryptonite is entitled to summary judgment as a matter of law on DC's federal and state unfair competition claims.

authorship (and does not at any rate extend to “words and short phrases such as names, titles and slogans ...”, 37 C.F.R. § 202.1(a)), trademarks protect symbols that have been used to designate the source of origin of products or services and indeed are recognized by consumers as serving in this manner. As the Second Circuit has explained, distinguishing trademark from copyright: “A trademark, by way of contrast, grows out of the adoption and use of a distinctive symbol by the party using it. Its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another’s product as his.” *EMI Catalogue Partnership v. Hill, Holiday, Connors, Cosmopolos, Inc.*, 2000 U.S. App. LEXIS 30761 *17 (2d Cir. 2000), quoting *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97, 39 S. Ct. 48, 50, 63 L. Ed. 141 (1918).⁷

It is axiomatic to trademark law that “[t]here is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed.” *United Drug Co.*, 248 U.S. at 97, 39 S. Ct. at 50, 63 L. Ed. At 145. “The owner of a trade-mark may not, like the proprietor of a patented invention make a negative and merely prohibitive use of it as a monopoly.” *Id.* at 97-8, 39 S. Ct. at 51, 63 L. Ed at 146. Indeed, the Trademark Law Revision Act of 1988 clarified that “use in commerce” necessary both to obtain and maintain trademark rights “means the *bona fide* use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark.” 15 U.S.C. § 1127. The exclusive right to use a trademark derives from, and is limited by, its actual use in the marketplace. See *La Societe Anonyme des Parfumes Le Galion v. Jean Patou, Inc.*, 495 F. 2d 1255, 1271 (2d Cir. 1974). To confer rights on words or other symbols independent of their actual use in trade would be to allow a “right in gross, which is contrary to principles of trademark law. . .” *University of Notre Dame du Lac v. J.C. Gourmet Food Imports Co., Inc.*, 703 F.2d 1372, 1374 (Fed. Cir. 1983).

⁷Indeed, the first Federal trademark statute, Act of July 8, 1870, 16 Stat.198 § 77, was held to be unconstitutional based on the patent and copyright clause of the U.S. Constitution, Art. 1, Section 8 cl. 8, because trademarks are neither inventions nor writings, and because it permitted purported trademark owners exclusive rights on mere adoption of a mark or symbol, as opposed to actual use to distinguish goods in commerce. *Trade-Mark Cases*, 100 U.S. 82, 25 L. Ed. 550 (1879).

The mere adoption of a name does not confer trademark rights (much less rights in *Blue Bell, Inc. v. Jaymar-Ruby, Inc.*, 497 F.2d 433, 437 (2d Cir. 1974) (“the law protects the use, not mere adoption, of a trademark”); *Trade-Mark Cases*, 100 U.S. 82, 94 (1879) (common law the exclusive right to [a trademark] grows out of its *use*, and not its mere adoption ...”) *Accord Buti v. Impresa Perosa S.R.L.*, 139 F.3d 98 (2d Cir. 1998), *cert. denied*, 526 U.S. 826 (1998). The first party to use a mark (or apply for registration under intent-to-use provisions of the Lanham Act) is the owner of the mark. *Sutton Cosmetics (P.R.), Inc. v. Lander*, 455 F.2d 285, 288 (2d Cir. 1972) (“since Sutton Cosmetics (P.R.) was the first user of the Sutton name, it had the right to use the mark...”). Although DC may have used the word before Kryptonite for use in comic books and movies, proof of prior trademark rights would require actual use as a trademark in commerce.

EMI Catalogue Partnership, applying basic principles of trademark and unfair competition law, made clear that no unfair competition claim would arise under 43(a) of the Lanham Act for use of a musical work similar to the plaintiff’s copyrighted composition:

Trademark law is concerned with protection of the symbols, elements or devices used to identify a product in the marketplace and to prevent confusion as to source. It does not protect the content of a creative work of artistic expression. Copyright law protects the artist’s right in the abstract design or other creative work.

2000 U.S. App. LEXIS 30761 *15.⁸ *Accord Leigh v. Warner Bros., Inc.*, 212 F.3d 1210, 1218 (11th Cir. 2000) (“As used in the materials submitted by Leigh, the Bird Girl image ‘strikes us not as a separate and distinct mark *on the good*, but rather as the good itself.”); *Metro Publishing Company v. San Jose Mercury News*, 1993 WL 266786 *3 (N.D. Cal. July 12, 1993) (name of newspaper column not used to identify the source of the newspaper itself but only as part of its content did not gain trademark status). Although DC cannot claim ownership of the

⁸The court further noted: “Whether the Lanham Act goes beyond protecting a work’s title to protecting its corpus as a mark for the work is a novel question. In effect, EMI asks that we recognize the musical composition itself as a mark for itself that can be protected under § 43(a) of the Act. Because this would be tantamount to saying that a product itself - in this case a song - can serve as its own trademark, we decline to do so.” 2000 U.S. App. LEXIS 30761 *14-15.

solitary word "Kryptonite" under copyright,⁹ the mere fact that a single word, no matter how creative, falls *short* of the standard for copyrightability does not, *ipso facto*, transform such content into a symbol of origin. To the contrary, it would turn logic on its head to employ trademark principles to confer on words such as "Kryptonite" copyright-like rights *in gross* when such words do not qualify as trademarks.

By DC's own admission, it does not even purport to have used the term Kryptonite as a trademark indicating origin of *any* products or services with DC until at least *seven years* after Kryptonite began to make its mark well-known for its security devices and bicycle accessories. (Spagnole Decl., Ex. 13). In a June 10, 1977 letter to Warner Communication's legal department, DC's outside counsel stated:

"we previously offered [Kryptonite] a dollar a year license in exchange for an assignment. We did this because as you know our position here is very weak, not having used Kryptonite other than as part of a story line and not in connection with the goods covered by this application [locks for bicycles] or on any related or even remotely related goods."

(Spagnole Decl. ¶ 4, Ex. 2). Accordingly, DC has known since at least 1977 that it had no trademark rights in the term KRYPTONITE.

Even on the handful of products DC says it has sold on which the word appears, such as t-shirts and greeting cards, the word appears, not as a trademark but purely ornamentally or in its primary descriptive sense denoting the fictitious substance from the make-believe planet Krypton. Unlike SUPERMAN, which is the title of a series of books, movies and the name of toys and other products, Kryptonite is not used to identify books or movies or anything else as originating with DC or its licensees, or even used consistently in all of the Superman stories themselves. It is simply a fictitious substance that, from time to time, appears in the story for narrative (not source-identifying) purposes. As the Supreme Court has recently noted in respect

⁹The Copyright Act and applicable regulations preclude protection for individual words and short phrases, no matter how original. *See, e.g.*, 37 C.F.R. § 202.1(a) (examples of works *not* subject to copyright include "words and short phrases such as names, titles, and slogans ..."). Even if DC could claim rights under copyright, a copyright claim may not be transformed into a valid Lanham Act claim simply by asserting that an alleged copyright infringement is likely to cause confusion as to ownership. *Kregos v. Associated Press*, 937 F.2d 700, 711 (2d Cir. 1991).

of patentable subject matter, “[t]he Lanham Act does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity.” *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 34, 121 S.Ct. 1255, 1262, 149 L. Ed. 2d 164, 176 (2001). The same is no less true of copyright.

American Footwear Corp. v. General Footwear Co., 609 F.2d 655, 664 (2d Cir. 1979), demonstrated that entertainment properties are not exempt from basic principles of trademark law. In *American Footwear* the creator of the popular television series, the “Six Million Dollar Man,” was held to have no monopoly or rights *in gross* in the word “bionic” simply because of a popular association of the word with the show. *Id.* at 663 (plaintiff’s success in “popularizing the word bionic and cultivating public acceptance of a relatively unknown word, while sufficient to support a finding of distinctiveness [citations omitted] is insufficient to support a finding of secondary meaning.”). To the contrary, to allow such rights would have contravened “the well-established principle that trademark rights, unlike statutory copyrights or patents, are not rights *in gross* or at large.” *Id.* More recently, this Court noted that a name or symbol (*e.g.*, Shakespeare or Zeus) can be famous or well-recognized, yet not enjoy renown or secondary meaning as a trademark. *T.C.P.I.P. Holding Co. v. Haar Comm. Inc.*, 244 F.3d 88, 97 (2d Cir. 2001). As used by DC, “kryptonite” is just such a term: well-recognized, perhaps, but not a trademark.

As employed by DC, the word “kryptonite” is no more a commercial symbol identifying the source of origin of products or services than is the mythical land Lilliput a trademark identifying Jonathan Swift (or any of the various publishers of *Gulliver’s Travels*) or is “Starbuck” a symbol identifying the source of *Moby Dick*. “Kryptonite” is simply one small part of the overall *content* of a comic book story used in the story to *describe* a fictitious substance and enhance the story, not to identify or designate the source of a real product or service. The same is true for the green (or sometimes red, gold, blue or white) substance “Kryptonite” depicted in some of the Superman stories.¹⁰ Such purely literary elements are, on their face, the

¹⁰Since DC does not even own exclusive rights under copyright in Superman or the word “Kryptonite” as it appears in the story, this is a particularly unsuitable case to hold that mere ownership of copyright is a basis for exclusive trademark rights. *Universal City Studios, Inc. v. Nintendo Co.*, 578 F. Supp. 911, 925 (S.D.N.Y. 1983) (“the purpose

very antithesis of trademarks because they do not exist in commerce; indeed they do not exist at all. This is not to say such terms can not also be used as trademarks and hence come to identify source of origin. "Superman" itself is the actual title of movies and comics and the name of innumerable *products* as well. Kryptonite thus does not purport to challenge DC's rights in the name SUPERMAN. However, except as a name for Kryptonite's locks and other products, the word "Kryptonite" has no commercial meaning identifying the source of goods or services. Indeed the Second Circuit recently concluded that DC's claimed mark "kryptonite" is weak except insofar as it is used with Superman. *DC Comics v. Wella Corp.*, No. 02-7284, 2002 WL 1016782 (2d Cir. May 17, 2002).

Although the law need hardly foreclose trademark protection for names and other materials drawn from copyrighted works, trademark protection surely does not flow *automatically* from such status, as DC asserts. Some literary symbols do become trademarks (although, as with Starbucks, not necessarily in connection with the copyrighted works). Trademark use must be demonstrated and the likelihood of confusion should be susceptible of empirical proof. There is no legal basis to create a special class of trademarks for literary properties which does not require trademark use. To create a presumption would indeed be contrary to the Supreme Court's recent holding in *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 213, 120 S. Ct. 1339, 1344, 146 L. Ed. 2d 182, 190 (2000), where the claimed trademark was simply a decorative applique for children's clothing. The Court explained that "Consumers are aware of the reality that, almost invariably, even the most unusual of product designs — such as a cocktail shaker shaped like a penguin — is intended not to identify the source, but to render the product itself more useful or appealing." The history of the term Kryptonite itself well-exemplifies the error of allowing such a presumption, as KRYPTONITE bicycle locks have coexisted with the Superman story for roughly thirty years without a single reported instance of actual confusion, without any diverted sales, and without any impact on DC's ability to license Superman products generally.

of a trademark - and a requirement for the statutory protection granted to trademarks - is that the mark indicate to consumers a *single* source or origin") (emphasis in original), aff'd on other grounds, 746 F.2d 112 (2d Cir. 1984).

In *Frederick Warne & Co. v. Book Sales, Inc.*, 481 F.Supp. 1191 (S.D.N.Y. 1979), the claimed "marks" were drawings of Peter Rabbit in which copyright had expired. The court made clear the burden the plaintiff-publisher would have to meet to prove the drawing had come to identify the publisher as source of origin: "In the instant case, it would not be enough that the illustrations had come to signify Beatrix Potter as author of the books; plaintiff must show that they have come to represent its goodwill and reputation as *publisher* of those books." *Id.* at 1195. Here too, it is not enough for DC to show the word "Kryptonite" is closely associated with the Superman story; DC must show the word has come to represent DC as source of some product or service. Unlike the name SUPERMAN, there is no evidence "Kryptonite" as used by DC enjoys such recognition or secondary meaning.

For DC to prove trademark rights in the term kryptonite or any other characters or elements of the story including green k, it must show that such term has acquired secondary meaning. Secondary meaning is established where, "in the minds of the public, the primary significance of a product feature . . . is to identify the source of the product rather than the product itself." *American*, 609 F.2d at 663. DC has made no attempt whatsoever to meet its burden to demonstrate secondary meaning, i.e. that in the minds of the public the primary significance of the term Kryptonite is to identify DC as the source of the product rather than merely describing a fictional element of the Superman story. In determining whether a descriptive term has acquired secondary meaning, consideration is given to such elements as length and exclusivity of use, sales, levels and extent of advertising and promotion. *American*, 609 F.2d at 633. DC has offered no evidence relevant to the question of secondary meaning, such as: (1) customer surveys; (2) exclusivity, length and manner of use; (3) amount and type of advertising; (4) media coverage; and (5) sales volume and market share. *Minnesota Mining and Manufacturing*, 82 F. Supp.2d at 1001. Not one of DC's documents produced in this case satisfies any of the elements required by the Second Circuit to establish that DC's use of the term kryptonite has acquired secondary meaning. This is because no such evidence exists. Instead, DC would like to stretch the law of trademarks on the basis of its "literary property" claim while overlooking the well-established principle set forth by the Supreme Court that trademark rights in a term do not exist except as a right appurtenant to an established business or trade in connection with which the mark is employed. *United Drug Co.*, 248 US at 97.

2. There Is No Likelihood of Confusion Between DC's Claimed Mark and Kryptonite's Marks

The *sin qua non* of an action of trademark infringement and unfair competition, is a showing by a plaintiff of the likelihood of confusion as to the origin of the goods at the consumer level. *Berlitz Sch. of Languages, Inc. v. Everest House*, 619 F.2d 211 (2d Cir. 1980); *see Plus Prods. v. Plus Discount Foods, Inc.*, 722 F.2d 999, 1003 (2d Cir. 1983). The test for likelihood of confusion is whether "numerous ordinar[il]y prudent purchasers are likely to be misled or confused as to the source of the product in question because of the entrance in the marketplace of defendant's mark." *Gruner + Jahr*, 991 F.2d at 1077; *see also McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1130 (2d Cir. 1979). "Likelihood of confusion means a probability of confusion; 'it is not sufficient if confusion is merely 'possible'.'" *Estee Lauder, Inc. v. The Gap, Inc.*, 108 F.3d 1503, 1510 (2d Cir. 1977) (quoting T. J. McCarthy, *McCarthy on Trademarks and Unfair Competition* §23:2, at 23-10 to -11 (1996)).

The right to the exclusive use of a trademark derives from, and is limited by, its actual use in the marketplace. *Parfums Le Galion v. Jean Patou, Inc.*, 495 F.2d 1265, 1271 (2d Cir. 1974). The test, under both the Lanham Act and the common law is the likelihood that the consuming public will be confused as to the source or sponsorship of the allegedly infringing product. *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 441 F. Supp. 1220 (S.D.N.Y. 1977), *aff'd*, 580 F.2d 44 (2d Cir. 1978); *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 234 F.2d 538 (2d Cir. 1956). Because the law of trademark infringement is part of the law of unfair competition, the same test is applied in determining each claim. *Hanover Star Milling Co.*, 240 U.S. 403, 413; 36 S. Ct. 357 (1916); *American Footwear*, 609 F. 29 at 664. While, for confusion to arise, the markets need not be identical, *Scarves by Vera, Inc. v. Todo Imports, Ltd.*, 544 F.2d 1167 (2d Cir. 1976), the similarity of the markets or products is a factor meriting the consideration of the likelihood of confusion. *See also Mushroom Makers*, 441 F. Supp. at 1225.

For DC to prove likelihood of confusion, it must address the eight factors enumerated in *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961). Summary judgment in a trademark action is appropriate where the undisputed evidence would lead only to one conclusion as to whether confusion is likely, *Cadbury Beverages, Inc. v.*

Cott Corporation, 73 F.3d 474 (2d Cir. 1996), or particularly, where the products or the marks are so dissimilar that no question of fact is presented. *Universal City Studios, Inc. v. Nintendo Co.*, 746 F.2d 112 (2d Cir. 1984). Here, the undisputed facts can only lead to one conclusion – no likelihood of confusion exists between DC’s and Kryptonite’s marks.

a. **DC’s KRYPTONITE Mark Is A Weak Mark**

The strength of a mark is “its tendency to identify the goods sold under the mark as emanating from a particular source.” *McGregor-Doniger*, 599 F.2d at 1131. A mark’s strength is assessed using two factors: (1) the degree to which it is distinctive in the marketplace; and (2) the degree to which it is inherently distinctive. *W.W.W. Pharm. Co., Inc. v. Gillette Co.*, 984 F.2d 567, 572 (2d Cir. 1992); *Windsor, Inc. v. Intravco Travel Ctrs., Inc.*, 799 F. Supp. 1513, 1521 (S.D.N.Y. 1992) (citing *Edison Bros. Stores, Inc. v. Cosmair, Inc.*, 651 F. Supp. 1547, 1554 (S.D.N.Y. 1987)). Even assuming that DC owns trademark rights in “literary indicia,” DC’s Kryptonite is weak as a mark because it is descriptive of the fictional literary element, and DC has not, and cannot, establish secondary meaning. (*See supra* p. 18). Indeed, DC has produced in discovery no evidence of sales or advertising of products bearing the name. Nor has it conducted a survey to show the name has achieved recognition *as a trademark*. DC’s rights are further limited by its willingness to coexist with third parties using the name Kryptonite or other similar terms, such as Kryptonics. (Spagnole Decl. ¶¶ 15 & 16, Exs. 11 & 12).

b. **The Marks Are Sufficiently Different To Prevent Consumer Confusion**

The ultimate question when considering the degree of similarity between two marks is whether that similarity is likely to generate confusion among potential customers. *Hasbro, Inc. v. Lanard Toys*, 858 F.2d 70, 77 (2d Cir. 1988); *McGregor-Doniger*, 599 F.2d at 1133 (“[I]n assessing ... similarity ..., it is the effect upon prospective purchasers that is important.”) In evaluating the similarity of marks, the marks must be compared in their entirety. *See Universal City Studios, Inc. v. Nintendo Co.*, 746 F.2d 112, 117 (2d Cir. 1984) (“Donkey Kong” and “King Kong” are not similar when compared in entirety); *Inc. Publ’g Corp. v. Manhattan Magazine, Inc.*, 616 F. Supp. 370, 379 (S.D.N.Y. 1985), *aff’d mem.*, 788 F.2d 3 (2d Cir. 1986) (Inc. and Manhattan Inc. magazines must be compared in their entirety).

(1) Kryptonite's KRYPTONITE Mark

The 1983 Agreement mitigates against any finding of likelihood of confusion. By entering into the 1983 Agreement, DC implicitly admitted that Kryptonite's use of KRYPTONITE on goods permitted by the Agreement (security devices without limitation and accessories for two wheeled vehicles) is "not likely to cause confusion" with DC's claimed rights in KRYPTONITE. *Croton Watch Co. v. Laughlin*, 99 U.S.P.Q. 299 (2d Cir. 1953) (an admission that there is no confusion in a consent agreement even where not expressly stated). Kryptonite has not used its KRYPTONITE trademark in connection with any goods which are not permitted by the 1983 Agreement. Moreover, DC *only* uses the word Kryptonite together with the name or mark SUPERMAN.

(2) Kryptonite's KRYPT Subbrands

Kryptonite's subbrands which contain the prefix KRYPT and a common word suggestive of its products' features such as LOCK, CABLE, DISCO and FLEX, when viewed in their entireties differ significantly in appearance and sound from DC's use of Kryptonite. *Maternally Yours, Inc. v. Your Maternity Shop, Inc.*, 234 F.2d 538 (2d Cir. 1956). Such marks as KRYPTO-CABLE for cable locks, KRYPTO-FLEX for flexible locks and KRYPTOKOIL for coiling locks are suggestive of their respective product features creating distinguishable commercial impressions. *American Home Products Corp. v. Johnson Chemical Co.*, 589 F.2d 103 (2d Cir. 1978).

(3) Kryptonite's K Logo

DC has presented no evidence that it even owns or uses any mark similar to Kryptonite's K logo. In fact, DC admitted in discovery that it does not use and has never used a logo similar to Kryptonite's K logo. (Levitz Depo. at 31-33). Furthermore, DC agreed not to use a K in a circle upon objection by the Circle K Company. (Levitz Dep. at 147-148) DC has never used the color green as a mark and, in the Superman stories, kryptonite has been depicted as red, blue, green, gold, silver, or white. (Levitz Dep. at 152-54). If DC has used the letter "k" or the phrase "Green K" at all, it has been as a word substitute in comic books or as a description of its graphic depiction of the fictional substance kryptonite (a rock) in the text of its comic books, also visually distinguishable from Kryptonite's logo.

c. Kryptonite's and DC Products Are Remote

Where the goods or services are totally unrelated, confusion is unlikely. *Murray v. Cable* *and* *Universal Broadcasting Co.*, 86 F. 3d 858 (9th Cir. 1996). Even assuming that DC owns any trademark rights in the word "kryptonite" or the pictorial representation of a kryptonite rock, its rights are in connection with t-shirts and children's toys. This market bears no relationship whatsoever to security devices and accessories for two wheeled vehicles sold by Kryptonite. Kryptonite and DC's products are remote and consumer confusion is unlikely. For confusion to arise, the markets need not be identical but the similarity of the markets or products is a factor meriting the consideration of the likelihood of confusion. *American Footwear Corp.*, 609 F. 2d at 664 (trademark rights in "Bionic" as used by Universal in its TV series *The Six Million Dollar Man* were in the area of TV, entertainment and toys, an unrelated market to American's market for footwear.) The remoteness of the market diminishes the strength of a plaintiff's contention that it has established rights to the term. *Mushroom Makers*, 441 F. Supp. at 1225. Moreover, DC is precluded from using its marks in connection with Kryptonite's products by the terms of the 1983 Agreement.

d. DC Has Not And Cannot Bridge The Gap

Whether the senior user will bridge the gap typically turns on the senior user's intent to enter into the same or related field of the junior user. *Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 9 U.S.P.Q.2d 1442, 1447-48 (S.D.N.Y 1988). The 1983 Agreement prohibits DC from ever using its alleged marks on Kryptonite's products, security devices or two wheeled accessory field all together. Therefore, DC *cannot* bridge the gap between its market and Kryptonite's market.

e. Kryptonite's Consumers Are Sophisticated

When buyers exercise a higher standard of care in making purchasing decisions, confusion is not likely to occur. *See In re Shipp*, 1987 WL 123841 (TTAB Aug. 19, 1987); *see also, Kiekhafer v. Willys-Overland Motors, Inc.*, 236 F.2d 423 (C.C.P.A. 1956) (less likelihood of confusion when goods are purchased after careful consideration as opposed to carelessly). Unlike the ordinary consumer, consumers of Kryptonite's goods are likely to exercise a higher degree of care because purchasers of security devices and vehicle accessories do not buy casually, but only after careful consideration of the safety and security features and reputation of the goods. Such consumers are concerned about their personal safety as well as that of their

personal property. The sophistication of Kryptonite's customers makes consumer confusion highly unlikely. See *McCarthy on Trademarks*, § 23:96 (the more care that is taken, the less likelihood of confusion).

f. Kryptonite Produces Quality Products

This factor is primarily concerned with whether the senior user's reputation could be jeopardized by virtue of the fact that the junior user's product is of inferior quality. *Arrow Fastener*, 59 F.3d at 398. Putting aside that Kryptonite is the senior user of the mark KRYPTONITE by over eight years, DC has not alleged that Kryptonite's products are of inferior quality, nor could it. It is unquestionable that Kryptonite produces the highest quality products as evidenced by its numerous national and international awards for excellence. (Zane Decl ¶ 26).

g. No Actual Confusion Exists Or Is Likely Among Relevant Consumers

Although evidence of actual confusion is not necessary to prove likelihood of confusion, the Court may infer from the lack of such evidence that consumer confusion is unlikely to occur. *McGregor-Doniger*, 599 F.2d at 1136. There is no evidence of actual consumer confusion in this case. DC's assertion that inquiries by members of the press into whether the parties were affiliated is evidence of actual confusion, is incorrect. To the contrary, "inquiries about the relationship between an owner of a mark and an alleged infringer do not amount to actual confusion." *Nora Beverages, Inc. v. Perrier Group of America, Inc.*, 269 F.3d 114, 124 (2d Cir. 2001). *Accord Gruner + Jahr USA Publishing v. Meredith Corp.*, 919 F.2d 1072, 1079 (2d Cir. 1993) ("It was proper for the trial court to consider this testimony not as evidence of actual confusion, but rather as showing only queries into the possible relationship between the parties." No infringement was found.) See also, *Programmed Tax Systems, Inc. v. Raytheon Co.*, 439 F. Supp. 1128, 1131 (S.D.N.Y. 1977). Most important, DC has present no evidence that an ordinary consumer has ever made a purchasing decision under the mistaken belief that DC was the source of Kryptonite's product. In fact, several DC's 30(b)(6) witnesses testified that they are not aware of any actual confusion between DC and Kryptonite in the past 30 years. (Levitz Dep. at 72, 158-159, 168-169; Crouch Dep. at 123; Wayne Dep. at 45; Nelson Dep. at 97-99).

h. Kryptonite Acted In Good Faith In Adopting Its Marks

Mere awareness of another mark is not the same as a intent to cause confusion. *Lang, v. Retirement Living Pub. Co., Inc.*, 949 F.2d 576, 583-84 (2d Cir. 1991). Rather, evidence of "willfulness" in this context means evidence of an intent to cause confusion. *Resource Dev., Inc.*, 926 F.2d at 140 ("Resource must demonstrate that [defendant] set out to intentionally deceive flag purchasers by representing that it was affiliated with the [plaintiff]"). *Lang*, 949 F.2d at 583 (bad faith requires a showing that "defendant adopted its mark with the intention of capitalizing on plaintiff's reputation and goodwill and any confusion between his and their senior user's product"). In adopting its KRYPTONITE marks and K Logo, Kryptonite did not intend to cause confusion with DC's Superman or any other character. In fact, Kryptonite specifically instructed its design firm to create a design that would not be associated with Superman. (Karen Rizzo Dep. at 123-124; Napoleon Dep. at 10). Even if a factual dispute exists on this factor, several decisions of the Second Circuit have minimized the weight to be given to this Polaroid factor. *Girl Scouts of the United States of America v. Bantam Doubleday Dell Publishing Group, Inc.*, 808 F. Supp. 1112, 1128 (SDNY 1992). "[I]ntent is largely irrelevant in determining if consumers likely will be confused as to source. This history of advertising suggests that consumer reactions usually are unrelated to manufacturer intentions." *Id.* (quoting *Lois Sportswear, USA, Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 875 (2d Cir. 1986)).

G. The 1983 Agreement Precludes A Finding Of Trademark Infringement

The 1983 Agreement itself precludes a finding of likelihood of confusion between DC's KRYPTONITE mark and Kryptonite's KRYPT subbrands. By entering into the 1983 Agreement, DC consented to Kryptonite's use of the marks KRYPTONITE and KRYPTO GRIP in connection with security devices and accessories for two wheeled vehicles and implicitly admitted that Kryptonite's use of a KRYPT subbrand on such goods is "not likely to cause confusion" with D.C. Comics rights in the mark KRYPTONITE. *Croton Watch Co. v. Laughlin*, 99 U.S.P.Q. 299 (2d Cir. 1953) (an admission that there is no confusion in a consent agreement even where not expressly stated); *Eastman Kodak Co. v. Fotomat Corp.*, 317 F. Supp. 304 (N.D. Ga. 1069) (express consent estops plaintiff from injunctive relief).

Since the 1983 Agreement is an admission of no likelihood of confusion between Kryptonite's KRYPTONITE and KRYPTO GRIP marks and DC's KRYPTONITE, it follows

that there can be no likelihood of confusion when more distinguishable marks such as, Kryptonite's other KRYPT subbrands which all contain an additional term which suggests the nature of the goods including, KRYPTO-CABLE, KRYPTOKOIL and KRYPTOFLEX and are used in connection with these same non-infringing goods.¹¹ Kryptonite is therefore entitled, as a matter of law, to summary judgment in its favor.

H. DC's Claim For Trademark Infringement Concerning Kryptonite's KRYPT Sub-brands Is Barred By The Doctrine Of Laches

The doctrine of laches bars DC from asserting a trademark infringement claim arising out of Kryptonite's use and application for registration of the KRYPT subbrands. The doctrine of laches is an equitable defense that bars equitable and monetary recovery where a party's inaction has prejudiced another party, making it inequitable to permit recovery. *Hilgendorff v. Hilgendorff*, 241 A.D.2d 481 (N.Y. 1997). Laches arises when a plaintiff has unreasonably delayed in initiating suit, and, as a result of the delay, the defendant is substantially prejudiced. *David Tunick, Inc. v. Kornfeld*, 813 F. Supp. 988 (S.D.N.Y. 1993).

DC's trademark infringement claim is barred because the undisputed facts show that: (1) DC had actual knowledge of Kryptonite's use and application for registration of such sub-brands; (2) despite this knowledge, DC did not take any action with respect to these marks until this action, fifteen years after such use commenced; and (3) Kryptonite will be prejudiced if DC is now permitted to assert its claims at this late date after it has built its business around its KRYPT sub-brands.

The United States Supreme Court has made clear that such dilatory behavior in moving to court bars any injunctive relief. *Charles D. Creswill v. Grnad Lodge Knights of Pythias of Georgia*, 225 U.S. 246 (1912) (twenty five year delay in bringing trademark infringement action bars all relief); *Ancient Egyptian Arabic Order of Nobles of the Mystic Shrine v. Michaux*, 279 U.S. 737 (1912) (thirty year delay in bring trademark infringement action bars equitable relief). Where, as here, the evidence of likelihood of confusion is itself dubious, a much shorter delay

¹¹ In addition to the 1983 Agreement, DC has entered into at least two other similar agreements where it has agreed that its KRYPTONITE mark is not likely to be confused with other marks containing the term KRYPT such as KRYPTONICS, KRYPTOS, and KRYPTOLIGHT. See Exhibits 11 and 12 to Spagnole Decl.

has been held to bar equitable relief. *Vavoline Oil Co. v. Havoline Oil Co.*, 211 F. 189 (S.D.N.Y. 1913) (where infringement is debatable plaintiff's six year delay sufficient to bar all relief); *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir. 1961) cert. denied, 368 U.S. 820 (1961) (all relief denied where eleven year delay, non-competitive goods and dubious likelihood of confusion); *Columbia University v. Columbia/HCA Healthcare Corp.*, 964 F. Supp. 733 (S.D.N.Y. 1997) (three and half year delay sufficient to bar both injunction and damages where little evidence of likelihood of confusion).

I. DC Is Foreclosed From Challenging Kryptonite's Incontestable Trademark Registrations

A trademark registration becomes incontestable after five years of continuous use and the satisfaction of certain statutory formalities. 5 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 32:142 at 32-223 (4th ed.). An incontestable trademark registration cannot be challenged on the grounds that the registrant does not own the mark because it is inferior in priority to a challengers previously used mark. *Dial-A-Mattress Operating Corp. v. Mattress Madness*, 841 F. Supp. 1339, n. 16 (E.D.N.Y. 1994), recons. Denied, 847 F. Supp. 18 (E.D.N.Y. 1994) (incontestable federal registered mark may not be challenged on basis of priority of use of another party). It is undisputed that Kryptonite's trademark registrations for the marks KRYPTONITE-5, KRYPTO LOK, KRYPTO-CABLE, KRYPTONIUM and KRYPTOFLEX have become incontestable. Accordingly, DC is foreclosed from challenging these registrations on the grounds that it has priority of use of the same or a similar mark.

J. DC Cannot Meet Its Burden at Trial of Proving the Elements of Federal And State Dilution

To prove dilution under Section 43(c) of the Lanham Act, 15 USC § 1125(c), DC must show that: (1) it owns a famous trademark; (2) that trademark is distinctive; (3) Kryptonite's use is a commercial use in commerce; (4) Kryptonite began using its mark after DC' mark became famous; and (5) Kryptonite caused dilution of DC mark. *Scholastic, Inc. v. Stouffer*, 124 F. Supp.2d 836 (SDNY 2000); *Nabisco Brands, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 215 (2d Cir. 1999). Under New York's anti-dilution statute, the required elements for dilution are: (1) the possession of a distinctive trademark; and (2) likelihood of dilution. *Scholastic*, 124 F. Supp.2d

at 848. DC cannot sustain its burden of proof on its state and federal dilution claims at trial because, as the undisputed facts show, it does not own a trademark in the term KRYPTONITE much less a famous mark and Kryptonite's use of the mark pre-dates DC's trademark use, if any. Even if DC's Kryptonite is well-known, like the term Shakespeare or Zeus, it is not well-known as a trademark. *TCPIP Holding*, 244 F.3d at 97. Kryptonite is therefore entitled, as a matter of law, to summary judgment in its favor.

IV. CONCLUSION

For the foregoing reasons, Kryptonite Corporation respectfully requests that this Court grant its Motion for Summary Judgment.

Dated: July 30, 2002

Respectfully submitted,



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Attorneys for Kryptonite Corporation

CERTIFICATE OF SERVICE

I, Amy B. Spagnole, hereby certify that a true copy of the foregoing was served upon Patrick T. Perkins of Fross, Zelnick, Lehrman & Zissu, P.C., 866 United National Plaza, New York, NY 10017 by overnight courier, this 30th day of July, 2002.



Exhibit J

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

-----X
: SCHLAGE LOCK COMPANY, :
: Opposer, : Opposition No. 91159885
: v. : Serial No. 76493797
: :
: ALTO PRODUCTS CORP, :
: Applicant. :
-----X

APPLICANT'S FOURTH REQUEST FOR PRODUCTION OF DOCUMENTS

Pursuant to Rules 26 and 34 of the Federal Rules of Civil Procedure and Rule 2.120 of the Trademark Rules of Practice, Applicant requests Opposer to serve a written response to each request herein, and to produce each of the following documents and tangible things, organized and labeled to correspond with the categories in this request, at the offices of Stephen E. Feldman, P.C., 12 East 41st Street, New York, New York 10017, within (30) days of service hereof upon counsel of record for Opposer.

- A. The term "Opposer" shall mean the Opposer herein and any division, parent, subsidiary, affiliate, licensee, franchisee, or predecessor in interest of Opposer, and every officer, employee, agent or attorney acting on Opposer's behalf.
- B. The term "Opposer's Mark" shall mean the alleged mark KRYPTONITE.
- C. The term "Opposer's Goods" shall mean, individually and collectively, all the goods specified in paragraph 1 of the Notice of Opposition, except for bicycle locks.
- D. The term "Applicant" shall mean the Applicant herein and any division, parent, subsidiary, affiliate, licensee, franchisee, or predecessor in interest of Applicant, and every officer, employee, agent, or attorney acting on Applicant's behalf.
- E. The term "Market Research" shall mean all surveys, polls, focus groups, consumer interviews, market research studies and other investigations conducted by or on behalf of Opposer, whether for marketing, litigation, or other purposes, and whether or not such investigations were completed, discontinued or fully carried out.
- F. The term "concerning" shall mean relating to, referring to, describing, or constituting.

- G. Whenever the terms “and” or “or” are used they are to be construed both disjunctively and conjunctively as necessary to bring within the scope of these discovery requests responses which otherwise might be construed to be outside their scope.
- H. Whenever the term “any” is used, it is to be construed to cover every responsive document, fact, or other thing to which it refers and not merely any one of such documents, facts, or other things.
- I. The use of the plural form of any word shall include the singular and vice versa. References to the masculine gender shall apply equally to the feminine gender and vice versa.
- J. The term “document” shall include, without limitation, any tangible item in Opposer’s possession, custody or control, or of which Opposer has knowledge, wherever located, whether an original or a copy, including but not limited to, packaging, labels, tags, containers, configurations, illustrations, printed matter, correspondence, memoranda, agreements, reports, minutes, drafts, communications, books or records, notes, advertisements, trademark search reports, directories, publications, microfilms or the like, emails, electronic documents, computer tapes and printouts, photographs, and all other documents and things subject to a request for production under Rule 34 of the Federal Rules of Civil Procedure, whether or not claimed to be privileged from discovery on any ground.
- K. The term “communication” shall include, without limitation, any oral or written statement or conversation or meeting, and any document, correspondence, email, telegram, mailgram, or facsimile, xerographic or electronic transmission.
- L. The term “person” means any natural person, corporation, partnership, proprietorship, business concern or entity, association, organization, team or group of natural persons.
- M. In responding to these requests, Opposer shall produce all available responsive documents, including those in possession of its attorneys or investigators. If a request cannot be responded to in full. Opposer shall respond to the extent possible.
- N. Opposer is requested to quote each request in full immediately preceding its response.
- O. In addition to providing amended responses and additional or corrective documents, pursuant to Rule 26(e) of the Federal Rules of Civil Procedure, Opposer is requested to

produce any additional responsive documents, acquired after responses to these requests have been furnished, within thirty (30) days after acquiring such documents.

- P. If Opposer objects to furnishing documents in response to any request or portion thereof, Opposer shall specifically state all its objections, identify all documents to which an objection applies, and produce all requested documents to which no objection applies. When identifying a document pursuant to this Instruction, Opposer shall state the document's subject matter, its date, the name, title or position, and address of each writer or sender and each recipient, and its present location and custodian.
- Q. Without limiting the generality of the foregoing Instruction, any claim or privilege, immunity or protection from discovery shall be made with sufficient particularity to enable Opposer to assess the applicability of the claimed privilege, immunity or protection, and documents withheld from production shall be identified in the privilege log specified in Request No. 65 herein.
- R. Except where otherwise indicated, all requests concerning use, advertising, promotion, applications to register, sales and other activities are limited to the United States.

REQUESTS

Request No. 84:

Declaration of Peter Zane filed in litigation papers regarding the *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562.

Request No. 85:

Declaration of Amy B. Spagnole filed in litigation papers regarding the *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562.

Request No. 86:

Declaration of Paul Levitz filed in litigation papers regarding the *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562.

Request No. 87:

Declaration of Marilyn Drucker filed in litigation papers regarding the *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562.

Request No. 88:

Declaration of Jay Kogan filed in litigation papers regarding the *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562.

Request No. 89:

Declaration of Amy Katz filed in litigation papers regarding the *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562.

Request No. 90:

Declaration of Jessica Mann filed in litigation papers regarding the *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562.

Request No. 91:

Karen Rizzo deposition transcript taken for *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562 litigation.

Request No. 92:

Melissa Zaniboni deposition transcript taken for *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562 litigation.

Request No. 93:

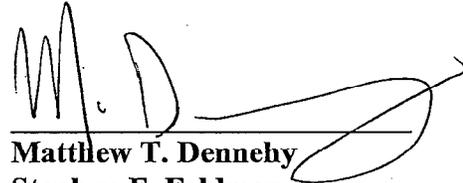
Ira Somerson deposition transcript taken for *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562 litigation.

Request No. 95:

Defendants 56.1 statement filed in litigation papers regarding the *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562.

STEPHEN E. FELDMAN, P.C.

By:



**Matthew T. Dennehy
Stephen E. Feldman
Attorneys for Applicant
12 East 41st Street
New York, New York 10017
(212)532-8585**

Dated: April 8, 2005

"I HEREBY CERTIFY THAT THIS CORRESPONDENCE IS BEING
DEPOSITED WITH THE U.S. MAIL SERVICE FIRST CLASS
AND IN AN ENVELOPE ADDRESSED TO THE
OFFICE OF PATENTS, P.O. BOX 1450, ALEXANDRIA, VA 22304-1450
ON 4/18/05
[Signature]

CERTIFICATE OF SERVICE

I hereby certify that a correct copy of the foregoing APPLICANT'S FOURTH REQUEST FOR PRODUCTION OF DOCUMENTS, was duly sent by regular mail and Facsimile to Michael Best & Friedrich, LLP, 100 East Wisconsin Avenue, Suite 3300, Milwaukee, WI 52302, on this the eighth day of April, 2005.



Leslie Hines

Stephen E. Feldman, P.C.
Attorneys for Petitioner
12 East 41st Street
New York, New York 10017
(212) 532-8585

RECEIVED IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

The Official Stamp of the United States Patent and Trademark Office hereon indicated that the APPLICANT'S FOURTH REQUEST FOR PRODUCTION OF DOCUMENTS, CERTIFICATE OF MAILING, AND AFFIDAVIT OF SERVICE, IN RE:

SCHLAGE LOCK COMPANY,
Opposer,

v.
ALTO PRODUCTS CORP.
Applicant
has been received on:

Opposition NO.: 91159885
Serial No.: 76493797

Exhibit K

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

SCHLAGE LOCK COMPANY,

Opposer,

v.

Opposition No. 91 159885
Serial No. 76/493,797

ALTO PRODUCTS CORP.,

Applicant.

OPPOSER'S RESPONSE TO APPLICANT'S FOURTH
REQUEST FOR PRODUCTION OF DOCUMENTS

RESPONSES

Request No. 84:

Declaration of Peter Zane filed in litigation papers regarding the *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562.

Response:

Opposer objects to this request on the basis that, pursuant to the Board's order dated March 29, 2005, documents filed in connection with the identified case are of public record. Accordingly, Opposer is not required to produce such documents. See *Johnson & Johnson v. Rexall Drug Co.*, 186 U.S.P.Q. 167, 172 (TTAB 1975) (responding party need not identify all documents relating to litigation).

Request No. 85:

Declaration of Amy B. Spagnole filed in litigation papers regarding the *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562.

Response:

Opposer objects to this request on the basis that, pursuant to the Board's order dated March 29, 2005, documents filed in connection with the identified case are of public record. Accordingly, Opposer is not required to produce such documents. *See Johnson & Johnson v. Rexall Drug Co.*, 186 U.S.P.Q. 167, 172 (TTAB 1975) (responding party need not identify all documents relating to litigation).

Request No. 86:

Declaration of Paul Levitz filed in litigation papers regarding the *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562.

Response:

Opposer objects to this request on the basis that, pursuant to the Board's order dated March 29, 2005, documents filed in connection with the identified case are of public record. Accordingly, Opposer is not required to produce such documents. *See Johnson & Johnson v. Rexall Drug Co.*, 186 U.S.P.Q. 167, 172 (TTAB 1975) (responding party need not identify all documents relating to litigation).

Request No. 87:

Declaration of Marilyn Drucker filed in litigation papers regarding the *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562.

Response:

Opposer objects to this request on the basis that, pursuant to the Board's order dated March 29, 2005, documents filed in connection with the identified case are of public record. Accordingly, Opposer is not required to produce such documents. *See Johnson & Johnson v. Rexall Drug Co.*, 186 U.S.P.Q. 167, 172 (TTAB 1975) (responding party need not identify all documents relating to litigation).

Request No. 88:

Declaration of Jay Kogan filed in litigation papers regarding the *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562.

Response:

Opposer objects to this request on the basis that, pursuant to the Board's order dated March 29, 2005, documents filed in connection with the identified case are of public record. Accordingly, Opposer is not required to produce such documents. *See Johnson & Johnson v. Rexall Drug Co.*, 186 U.S.P.Q. 167, 172 (TTAB 1975) (responding party need not identify all documents relating to litigation).

Request No. 89:

Declaration of Amy Katz filed in litigation papers regarding the *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562.

Response:

Opposer objects to this request on the basis that, pursuant to the Board's order dated March 29, 2005, documents filed in connection with the identified case are of public record. Accordingly, Opposer is not required to produce such documents. *See Johnson & Johnson v. Rexall Drug Co.*, 186 U.S.P.Q. 167, 172 (TTAB 1975) (responding party need not identify all documents relating to litigation).

Request No. 90:

Declaration of Jessica Mann filed in litigation papers regarding the *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562.

Response:

Opposer objects to this request on the basis that, pursuant to the Board's order dated March 29, 2005, documents filed in connection with the identified case are of public record. Accordingly, Opposer is not required to produce such documents. *See Johnson & Johnson v.*

Rexall Drug Co., 186 U.S.P.Q. 167, 172 (TTAB 1975) (responding party need not identify all documents relating to litigation).

Request No. 91:

Karen Rizzo deposition transcript taken for *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562 litigation.

Response:

Opposer objects to this request on the basis that, pursuant to the Board's order dated March 29, 2005, documents filed in connection with the identified case are of public record. Accordingly, Opposer is not required to produce such documents. *See Johnson & Johnson v. Rexall Drug Co.*, 186 U.S.P.Q. 167, 172 (TTAB 1975) (responding party need not identify all documents relating to litigation).

Request No. 92:

Melissa Zaniboni deposition transcript taken for *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562 litigation.

Response:

Opposer objects to this request on the basis that, pursuant to the Board's order dated March 29, 2005, documents filed in connection with the identified case are of public record. Accordingly, Opposer is not required to produce such documents. *See Johnson & Johnson v. Rexall Drug Co.*, 186 U.S.P.Q. 167, 172 (TTAB 1975) (responding party need not identify all documents relating to litigation).

Request No. 93:

Ira Somerson deposition transcript taken for *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562 litigation.

Response:

Opposer objects to this request on the basis that, pursuant to the Board's order dated March 29, 2005, documents filed in connection with the identified case are of public record. Accordingly, Opposer is not required to produce such documents. *See Johnson & Johnson v. Rexall Drug Co.*, 186 U.S.P.Q. 167, 172 (TTAB 1975) (responding party need not identify all documents relating to litigation).

Request No. 95:

Defendants 56.1 statement filed in litigation papers regarding the *D.C. Comics v. Kryptonite Corporation*, 00 Civ. 5562.

Response:

Opposer objects to this request on the basis that, pursuant to the Board's order dated March 29, 2005, documents filed in connection with the identified case are of public record. Accordingly, Opposer is not required to produce such documents. *See Johnson & Johnson v. Rexall Drug Co.*, 186 U.S.P.Q. 167, 172 (TTAB 1975) (responding party need not identify all documents relating to litigation).

Dated May 3, 2005.

MICHAEL BEST & FRIEDRICH LLP
Attorneys for Opposer

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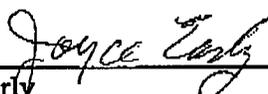
CERTIFICATE OF SERVICE

I hereby certify that a correct copy of the foregoing **OPPOSER'S RESPONSE TO APPLICANT'S FOURTH REQUEST FOR PRODUCTION OF DOCUMENTS** has been served on Applicant by fax and sending the same via first-class regular United States mail to Applicant's attorney:

Mr. Matthew T. Dennehy
Law Offices of Stephen E. Feldman, P.C.
12 East 41st Street
New York, NY 10017

Fax: (212) 532 8598

on the 3rd day of May, 2005.



Joyce Early

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